THE

ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS
AND
A JOURNAL OF POLITICAL ECONOMY

[REGISTERED AT THE G.P.O. AS A NEWSPAPER.]

VOL. XIII. No. 21. JUNE 4, 1926. PRICE 1s. WEEKLY

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EDITORIAL, SUBSCRIPTION AND ADVERTISING OFFICES—
Metron, Istituto di Statistica, R. Università, Padua (Italy).

London Agents: P. S. KING & SON, Ltd., Orchard House, Westminster, S.W.1.

CONTENTS

Comments 445

SPECIAL ARTICLES

Works Councils in German Industry 446
Foreign Trade of the Union of Soviet Socialist Republics during the Economic Years 1924–25 and 1925–26 447

ECONOMIC SURVEY

BULGARIA 449
- Foreign Trade Returns for 1925
- The Woollen Industry and Exports
- The Tobacco Industry

DENMARK 451
- Economic and Trade Conditions in April

ESTONIA 451
- Post-war Development
- Progress of the Eesti Bank in 1925
- Foreign Trade in the First Quarter
- Industrial Exports
- Transport by Air

FRANCE 453
- The Position at the Treasury
- Revenue Returns for April
- Foreign Trade Returns for April
- The French Iron and Steel Industry and Germany

GERMANY 455
- The Government Crisis
- Reich Finances at the Opening of the Financial Year
- Reparation Payments to April 30
- The German-Spanish Trade Treaty
- Foreign Trade in March

GERMANY (continued)
- The Ruhr Mining Trust
- Developments in the Potash Industry
- Report of the German Potash Union for 1925
- Decrease in Unemployment in March

SWEDEN 460
- Foreign Trade Returns
- Bank Rates
- The Wood Pulp Market
- Shipments of Iron Ore

SWITZERLAND 461
- The Economic Situation
- Comments on the Federal Accounts for 1925
- Foreign Trade Returns for April
- Tariff Changes
- The 1925 Tourist Season
- Unemployment at the End of the First Quarter

Foreign Bank Rates 464

THE ECONOMIST'S BOOKSHELF

British War Budgets 462
Russian Currency Problems 464
Publications Received 464

STATISTICAL SECTION

The Trade Barometer 465
Security Prices 465

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Editorial Offices :

6, JOHN STREET, ADELPHI, LONDON, W.C. 2.

Telephone : Gerrard 1396.

Subscription Rates (Post free, home or abroad)

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ECONOMIC REVIEW

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Vol. XIII. No. 21. June 4, 1926 Price 1s. Weekly

COMMENTS

We would like to take this opportunity to call the attention of our readers to the Special Article in this number entitled "Works Councils in German Industry." The moment is not an inopportune one for casting a glance at the industrial experiments conducted in other countries, particularly in so far as they concern the relations between Capital and Labour. The Act which originated Works Councils in all works in Germany employing more than twenty workers was greeted in 1920 with considerable applause in industrial circles in most European countries, and many eyes were turned hopefully towards the lessons to be culled from this experiment. Dr. Erich Lange, the writer of the article we publish in this issue, is and has been for some time intimately connected with the great Siemens Combine, and his conclusions, whether one agrees with them or not, merit all the attention they can obtain.

From figures recently published in Germany we gather that, so far as bonds are concerned, the monthly pre-war average was exceeded by 150 per cent. in the month of April this year. According to some reliable computations, Rmk.398,850,000 of bonds have been issued in the German market and Rmk.108,050,000 abroad, while the corresponding figures for January last were approximately Rmk.21,000,000 for domestic and Rmk. 180,000,000 for foreign issues. In addition to this, during the month of April, 38 joint stock companies decided to increase their respective share capital by an aggregate amount of Rmk.48,610,000. The demands upon the investment market have thus been much larger than was either expected or anticipated. It remains to be seen whether its capacity to absorb the flood of new loans has not been over-rated, although, it is true, the funds available for long-term financing have considerably increased during the last few months. Thus, for instance, according to figures published by the Statistical Office of the Reich, the balances of savings accounts show of late a substantial increase. By the end of March they had already exceeded the first two milliards by nearly fifty million Reichsmarks. As compared with August 1925, at which date such statistics were first published, this means an increase of approximately Rmk.700,000,000. Among prospective issues in the home market, it should be noted that, apart from a number of minor items, the German Railway Company contemplates negotiating probably Rmk.150 to 200 million of its Preference Shares. At the same time, after a temporary lull in the influx of Foreign credits, a number of more important loans have been raised abroad, the proceeds of which are estimated at about Rmk.200 million. This includes a second series of £4,000,000 Sterling of the Seven per cent. Loan of the German Potash Syndicate, which is being offered at 97, i.e. 2½ per cent. above the issuing price of the first series. Holland is once more taking a livelier interest in all new German issues. Besides taking up a part of the Potash Loan, it has taken over a considerable portion of the Ilseder Hütte and the Robert Bosch A.-G. loans, while the bulk of a new loan for the Rhenish Provinces will be placed in Holland.

In connection with the continued easiness of the money market during the last few months, it is of interest to be able to state that the total monetary circulation in Germany has considerably decreased since the earlier months of this year. The amount of banknotes outstanding on December 31, 1925, was Rmk.5,200 million, while the Reichsbank return as per May 7, 1926, showed an aggregate circulation of Rmk.4,690 million only, exclusive of specie. The decrease would, no doubt, have been larger still but for the fact that as cover of the circulation bills of exchange have been replaced on an increasing scale by foreign exchange. The amount of bills in portfolio has decreased by more than 30 per cent. to Rmk.1,230 million since the beginning of the year, in spite of the extraordinary restraint of the Central Note Institution in re-discounting bills with public bodies. Indeed, these sales amounted lately to only one-eighth of those in January last. At the end of the April settlement the market did not go to the Reichsbank for re-discount; accounts have been settled chiefly by bringing home part of the German balances abroad. A withdrawal of foreign credits that might arise in connection with a lowering of the official discount rate is not, under the circumstances, likely to imperil the situation, as evidently the Reichsbank's capacity of discounting bills of exchange is at present being utilised to a small extent only. The Reichsbank has but recently declared that no hope should be entertained for a further reduction of the discount rate; it holds that so far it cannot be seen how far the liquidity of funds in the money market is an artificial or a purely natural one. This cautious attitude on the part of the Reichsbank is probably due to the consideration that the large number of new issues recently floated has somewhat tightened the investment market, and that forces tending to raise interest rates might gain in importance. The greater easiness of the money market has permitted the removal of the restrictions in force by which the various institutions forming part of the Berlin Banks and Bankers' Association were expected to give their acceptance to the extent of only 50 per cent. of their respective capital, including reserves. This would appear to be another step towards restoring confidence in the money and investment markets, and it will certainly assist in stimulating credit operations with international markets.

The figures on car loadings and other statistics published during the last few weeks seem to indicate a slight increase in German industrial activity. At the same time relatively small numbers of new hands have been engaged, and it would appear that, as regards the technical side of the question, the process of rationalisation in German industry has progressed satisfactorily, while, on the other hand, no very effective means have been discovered to mitigate the social hardships therefrom. It seems as though, since the stabilisation of the currency, business cycles follow each other at longer intervals than before, so that the number of unemployed may be expected to decrease, but very slowly. It should be borne in mind that, in spite of a satisfactory

decline in the number of unemployed during the first two weeks of the month, there are still approximately 1,800,000 persons receiving the "dole." Agriculture and the building trades are absorbing relatively small numbers. In so far as this fact is to be attributed to the scarcity of working funds among farmers and a desire to return to methods of extensive cultivation, this development is much to be deplored. In normal years agriculture has always been capable of relieving the labour market beyond the immediate spring demand, provided that young crops developed favourably. This year, however, in spite of quite satisfactory crops, no such tendency is as yet discernible. As regards the mining, metallurgical and textile industries, unfortunately no sign of an improvement has been detected so far.

We learn also that the negotiations carried out on behalf of the new German Steel Trust with a view to obtaining a large loan as well as credits are likely to attract considerable notice within the next few weeks. The Vereinigte Stahlwerke A.G. (United Steel Works Ltd.) has decided to increase its share capital to Rmk. 800,000,000. This may be taken as evidence that the essential features upon which the new company is based have now been definitely agreed upon, and that the fiscal problem has been solved in a way satisfactory to its promoters. In order to carry out its programme of technical improvement and reorganisation, the new trust requires large short-term credits and possibly a substantial long-term loan. The Trading Organisation of the United Steel Works Ltd. came into operation last month; its coal trade will be taken over by Messrs. Raab, Karcher & Co., while three new companies will be formed to meet the requirements of its domestic iron trade.

The Soviet Government has for years availed itself of every means at its disposal to destroy private capital. But, having achieved the much desired end the Bolsheviks suddenly discovered that their victory was not fraught with any particular success. The state industries proved unable to satisfy the wants of the population, particularly of the peasants. The shortage of goods of all kinds, the scarcity of textiles, iron products, etc., is simply tremendous. Once more people have to line up in queues, once more they have to pay mad prices to the middlemen, who by means of bribing succeed in obtaining from the State repositories goods that are out of the reach of the ordinary human being or even the much favoured co-operative societies. Why, it is growing more and more difficult even to favour the latter, since the State industries are penniless and have to insist on immediate cash payments of at least 50 per cent. of the societies' purchases; sometimes they even demand 70 per cent. or 100 per cent. The co-operative societies are also compelled to make advances to the industries against goods to be delivered them in 3 or 5 months after booking the order, and the industries upon having received these advances carry out the orders in a most casual way: 50 per cent. at best.

All these circumstances have compelled the Communists to adopt a "new front" as they like to call it. This "new front" is to attract private capital at all costs. Thus the supreme Economic Council of the Ukraine points out in a report submitted to the Economic Conference that it is essential that persons renting an undertaking should be given assurance that if they loyally carry out an agreement they will be given the first call on acquiring the undertaking when the lease expires. This really means that an undertaking must be left in the hands of the persons renting it for some considerable time, since nobody can be expected to put his money into something that can be taken away from him at any given moment or after but a short period of working. Instead of simply and openly restoring private property the Bolsheviks do it in an intricate and disguised way.

Another point raised in this report is the advisability of establishing mixed joint stock companies composed of private capital and Government institutions for the purpose of running small enterprises. Until recently such companies were being established only for very big enterprises. But now the Soviet industries are so bankrupt that even small business attracts them, and they want at all costs to create a link with the private capitalist. The result of this "newest economic policy" of chasing after private capital can be of one kind only. Capitalists are not very particular about high moral principles, but there is one principle that is sacred to them. Until the words "private property" have been pronounced by the Bolsheviks and the rights of the capitalists are safeguarded, no new methods, however ingenious, will succeed in luring capital to a lawless country.

By shooting, without trial, three prominent officials of the Finance Commissariat the Bolsheviks have once more shown proof of their uncivilised methods. If this is a means of combating the depreciation of the Chervonetz it is a peculiar one indeed. Had Germany during the inflation period or France, Belgium and Italy to-day resorted to this means of combating the depreciation of their currency, not many officials of their respective Finance Ministrie would still be alive!

SPECIAL ARTICLES

WORKS COUNCILS IN GERMAN INDUSTRY.

By Dr. Erich Lange, Berlin.

Since February 2, 1920, in the economic organisations of all works in Germany employing at least 20 workers, works councils have been incorporated with full legal authority to act in all negotiations on behalf of the entire staff. This innovation—adopted from Russia, but deliberately deprived of all political tendency—was based on a general economic and a particular sociological idea. With a view to the furtherance of German industry these new bodies were intended to make the worker feel more intimately and more actively connected with the industry in its aims as to production and development. At the same time they were intended to do their utmost for the protection of the common interests of the workers within the works, and that more energetically than the individual was able to do. This conflicting task of assisting the employer to achieve the purposes of the works and protecting the one-sided economic interests of the workers, however ideal in its conception, was from the outset doomed to failure in practice as regards finding a practical solution to industrial problems. Only supermen are capable of representing simultaneously conflicting interests, without forfeiting their own liberty of decision. Ordinarily, in relation to the worker the representative is necessarily forced to act the part of peacemaker to the industry, and in relation to the employer the part of the deliberate dissentient to the industry's needs. This fact was immediately recognised by the works councils, so that soon after the Act came into force they were forced to the conclusion that in order to avoid conflict of interests they should take their stand wholly and solely as representatives of the workers. The Act itself compelled them to take up this attitude, since, by virtue of an election procedure, they depend only on the confidence of the working staff during their time of office, and since their re-election is dependent solely upon the will of the voter. In addition, the elected representatives in general did not possess the requisite training in economics, which would have enabled them to grasp the

intricate technical equipment of an up-to-date works and to form a judgment on the commercial side as to regulation of sales and management of finances. For these reasons also the Government had allowed them on the whole only an advisory vote and not a deciding one, more especially as it was obliged to recognise the fact that, irrespective of the economic system applying in any particular country, the management of a works can be only in one hand and cannot be divided up among groups whose aims are not identical.

Thus if, apart from trifling exceptions, the works councils had to be satisfied with playing a supporting part, their activity could never be of decisive importance to Germany's economic life. And this impotence was intensified by the very narrow limits within which their sphere of action was confined by the set functions of the trade unions, whose extensive rights in the matter of general regulation of wages and working conditions for entire classes of workers—and therefore for all the works concerned—remained unaffected by the new Act. Furthermore as, according to German law, all arrangements relating to working conditions made between employers' associations and trade unions are immediately incorporated in the individual working agreements, there was hopelessly little room for any activity of the works councils in their own peculiar sphere. For if the individual worker has a direct legal claim arising out of the wage-scale agreement against the individual employer, the latter, in order to avoid futile legal proceedings, must on his own part scrupulously adhere to the wage-scale agreement, quite apart from the fact that in relation to his own association, by virtue of his membership, he is personally bound to carry out this agreement.

The fate of the works councils was also decided by the fact that they could never enjoy any independence within the works. For the trade unions had not the slightest intention of allowing their own dominant position to be threatened by new legal institutions, and they immediately started an extensive propaganda campaign with a view to having their own members appointed as candidates and elected before all others. To achieve this purpose they stated their views in the newspapers and periodicals which were open to them, constantly and most emphatically asserting that as serious antagonists of the employer the works councils were much too weak and that only in close co-operation with the unions would they be able to carry out their aims: their primary duty as executive agents was to obey absolutely the orders of the trade unions. According to German law, certainly, these views are by no means correct—for the works council is the agent of a union formed in connection with the works, while a trade union is the agent of a union of the workers formed in connection with their calling—but owing to this indefatigable Press propaganda they have become widely prevalent among the working population and are even shared in their entirety by the majority of the works councils.

Under these unfavourable antecedent conditions the new institution proceeded on its course. First of all, there were innumerable and tedious theoretical discussions at all the works regarding the interpretation of the Act, which, being in the nature of a compromise, as a result of the diversity of views held by the classes concerned, is anything but a model of clarity and is, moreover, to a high degree defective in construction. Even the technical constitution of the works councils, the procedure in connection with their election and their functions in the business management formed the subject of endless wrangling, quite apart from the material contents of the Act. As time passed these discussions subsided; the inflation years with their precipitate and completely impenetrable development went by, and the works councils recognised with increasing clearness that in view of the predominant position of the trade unions they must finally abandon all hope of any considerable economic success. They therefore endeavoured to indemnify themselves for this lack of activity by acting in other spheres which had no connection whatsoever with their legal functions. By 1925 this disintegrating process was so far advanced that those directly concerned and even that section of the Press interested in trade unionism found it necessary to raise vigorous complaint. Thus at a meeting of the Lithographers and Lithographic Printers' Association on November 25, 1925, it was admitted that the works councils "instead of concerning themselves with problems relating exclusively to technical working and national economics were entirely occupied with the sale of theatre tickets, canvassing and collecting for businesses working on the instalment system, and the like" (*Vorwaerts*, Nov. 28, 1925, evening edition).

In reality the state of affairs is very much worse, for the futility of the whole arrangement viewed from the economic standpoint has long since been apparent in the industries. Every engineer, every foreman, indeed every worker is aware from personal observation of this lack of results and the extent of such private activity, and considers attendance at staff meetings a mere waste of time, which he leaves to a small group of "stickers." In view of this feeling such meetings, when summoned at all, are practically empty. Unfortunately, the cost of this public institution is quite considerable. As the basis of an estimate let us take the carefully established figures of a large German undertaking in the metal industry. In this undertaking, which employs about 60,000 workers, the number of works council members on the basis of the legal regulations is 371. These members, since the Act came into force, require regularly not less than 2,266 working hours weekly, i.e. an average of 6 hours per head, for the carrying out of their official duties. For the said works alone this means a direct loss of 113,300 working hours or 50 productive workers annually, on the basis of 50 working weeks.

Enquiries made by the trade unions show that the works council membership in Germany is 450,000 (*Vorwaerts*, Nov. 28, 1925, evening edition).

Taking these figures as a basis for the estimation of the general burden—it is not to be assumed that conditions are otherwise in the textile and chemical industries and the building trade—we get a direct loss to Germany's economic life of 135 million working hours per annum, against which stands, as unproductive wage-expenditure, approximately the same amount in gold marks. The extent of the further burden due to the employer's loss of time, expenses of official activity and business charges can only be estimated roughly owing to insufficient data. This burden, however, can hardly fall short of the loss due to wages alone, so that it probably works out at about the same amount at least.

In this way, without any urgent necessity, the German economic system is deprived of very considerable sums. For this reason, one can but warn every other country against introducing an experiment so futile and so costly in economic respects.

FOREIGN TRADE OF THE UNION OF SOVIET SOCIALIST REPUBLICS DURING THE ECONOMIC YEARS 1924-25 AND 1925-26.

After the attainment of a credit balance in Foreign Trade during the economic year 1923–24, in 1924–25 (that is in its second quarter), a debit balance again sets in which keeps on increasing from month to month. This relapse, viz. a debit trade balance, was due on the one hand to the curtailment of exports caused by the bad harvest, owing to which grain had to be imported instead of being exported, and also to the less profitable inter-relationship of prices of export goods both on the internal and foreign markets; on the other hand it was due to the growth of imports caused primarily by the growing needs of industry of new plant and re-equipment.

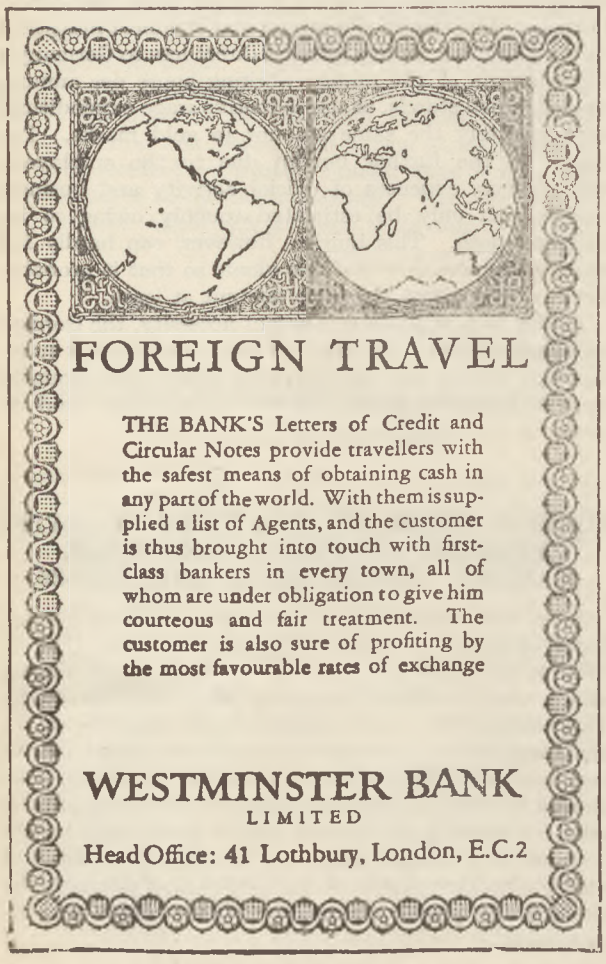
The full trade returns are now available for the whole economic year 1924–25 and for the first four or five months of the economic year 1925 and 26, from which it is evident that the debit trade balance of the Union of Soviet Socialist Republics has greatly increased during this period. The following figures show trade returns for the period just mentioned, expressed in 1913 prices, and a comparison is drawn with the corresponding figures for the year 1923–24 (taking trade over the European border only)* :—

	Imports.	Exports.	Balance.
	(In millions of roubles—1913 prices.)		
1923–24	208	340	132
1924–25 1st quarter ...	57	70	+ 13
2nd quarter ...	74	65	— 9
3rd quarter ...	119	73	— 46
4th quarter ...	107	112	+ 5
Total for the whole year ...	357	320	— 37
1925–26 1st quarter ...	119	118	— 1
1926 January	36	24	— 12

As can be seen from these figures, the greatest debit balance is noticeable in the third quarter of 1924–25, while in the fourth quarter it gives place to a small credit balance ; in the first quarter of 1925–26, however, and in January, we again see a debit balance. Still more unsatisfactory are the trade returns as expressed not in pre-war but in present day prices, and these are available for a period up to February 1926 inclusive :—

	Imports.	Exports.	Balance.
	(In millions of Tchervonetz roubles—present day prices.		
1924–25 1st quarter ...	101	119	+ 18
2nd quarter ...	132	112	— 20
3rd quarter ...	211	119	— 92
4th quarter ...	189	158	— 31
Total for the whole year ...	633	508	— 125
1925–26 1st quarter ...	205	173	— 32

* Both these and the following figures aer taken from the official Soviet journals, *Economic Review* and *Foreign Trade*.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Month by month, 1925–26 :—

	Imports.	Exports.	Balance.
October	82	76	— 6
November	67	54	— 13
December	56	42	— 14
January	61	35	— 26
February	54	43	— 11

Expressed in present day prices the balance of trade proves to be a debit one for the whole period commencing with the second quarter of 1924–25. The economic year 1924–25 as a whole closes with a large debit balance of 125 million roubles and the first quarter of 1925–26 with a debit balance of 32 million roubles (which gives us, if calculated on this basis for a whole year, practically the same total). Taking the monthly returns for 1925–26 we see that from October to January the debit balance continues to increase month by month, and it is only when we get to February that a certain improvement can be observed.

The above figures are limited only to the trade over the European frontiers of the Soviet Republic. When we come to trade relations with the East, that is export and import over the Asiatic border, we see that the situation is no better. Since the figures concerning Eastern trade are somewhat belated we are only able to give them from the period up to November 1925 inclusive :—

Trade over the Asiatic Border.

	Imports.	Exports.	Balance.
	(In millions of roubles—present day prices.)		
1924–25 1st quarter ...	14.3	12.2	— 2.1
2nd quarter ...	22.4	14.1	— 8.3
3rd quarter ...	21.8	18.6	— 3.2
4th quarter ...	17.6	14.8	— 2.8
Total for the year	76.1	59.7	—16.4
1925–26 October	6.1	6.9	+ 0.8
November... ...	7.6	5.4	— 2.2

With the exception of October 1925 the trade balance remains a debit one the whole time. Finally, adding up the figures of the trade returns, both over the European and the Asiatic border, we get the following table illustrating the whole foreign trade of the Union of Soviet Socialist Republics :—

	Imports.	Exports.	Balance.
	(In millions of roubles—present day prices.)		
1924–25 1st quarter ...	115	131	+ 16
2nd quarter ...	154	126	— 28
3rd quarter ...	233	138	— 95
4th quarter ...	207	173	— 34
Total for the year	709	568	— 141
1925–26 October	88	83	— 5
November... ...	75	59	— 16

The total turnover for 1924–25 shows a debit balance of 141 million roubles.† The probable debit balance for the first quarter of 1925–26 will amount to 35 or 40 million roubles. Scrutinising the import and export figures in all the above tables we see that the debit balance and its growth is brought about by the great increase in imports which the exports are unable to catch up. The latter even decreased in 1924–25 as compared with 1923–24, and although there was a rise in exports in 1925–26 it was considerably smaller than that of imports.

As we have already mentioned one of the reasons restricting exports in 1924–25 was the bad harvest. For 1925–26 this cannot serve as an excuse, however, as the harvest of 1925 was not bad. The notorious failure of the Government to prepare the necessary quantity of grain for export, which was due mainly to the refusal of the peasants to supply grain in spite of the surplus they had, is very largely responsible for what happened. Consequently the original plans for grain export which were calculated on a basis of nearly one milliard poods had to be cut down by many hundreds of millions, until finally the actual exports, when

† Such is the figure supplied in the official statistics. Severa articles have lately appeared in the Soviet Press, in which even larger figures—over 150 million roubles—are mentioned.

compared with the estimates, turned out to be altogether insignificant. Thus according to the figures supplied by the Soviet weekly *Foreign Trade* for the period of six months from August 1925 to January 1926, the export of the five principal kinds of grain (wheat, rye, barley, oats and maize) amounted to :—

	(In thousands of poods).
August	8,052
September	19,764
October	23,829
November	12,213
December	4,343
January	5,061
Total	73,262

Only 73 million poods were exported during these six months, of which amount 45 million poods belong to the current economic year which began last October. In the meantime in the expectation of extensive grain exports, very considerable import plans had been made (in particular the import of industrial plant), and not only had these plans been made but import licences had already been partly issued and corresponding orders sent abroad. Thanks to this, in spite of the "blunders in calculation" having been discovered at the close of the autumn of 1925, it was found to be too difficult to remedy the mistake, and a debit trade balance for 1926 proved inevitable.* Thus in this difficult position in which Soviet trade finds itself there is no doubt the fault lies primarily in the "blunders of calculation" so frequently to be found in the economic plans of the Soviets. However, it is not only a matter of blunders. The foreign trade policy of the Soviets is up against a whole array of difficulties that cannot be avoided, even if the Soviet authorities were much more circumspect in their so-called planning. As we have already mentioned, the fundamental difficulty consists in the fact that the needs of industry, if it is to be resuscitated, cry aloud for immense imports of means of production and of plant, but the position of the internal and foreign markets (owing to the peculiar organisation of Soviet trade) does not allow of a corresponding extension of exports. Had the authorities been more far-seeing, they would not, of course, have planned such extensive imports for this year; but in any case it would only have been possible to postpone the importation of the plant, etc., necessary to enable industry to carry on, while, if industry was not to be ruined completely, it would have been out of question to do without it. In a similar way it is next to impossible to compel the peasantry to sell their agricultural produce at prices which, taking into consideration the high overhead charges of Soviet trading and the conditions of world prices, would give them some possibility of selling abroad at a profit or at least without loss.

Thus we see that the problem of a debit trade balance depends almost entirely on the question of making exports profitable. It is true that in order to avoid a debit balance the State authorities holding a monopoly of foreign trade can, up to a certain limit, export goods at a loss; this they have practised already to a considerable extent. But such a policy has its limits: both the securities and the goods in the possession of the Soviet authorities are so insignificant that any considerable losses in export trade, which would mean the complete loss of these would make the situation still more difficult in the future.†

Added to this we must also take into consideration that the Soviet trading organisations have now been put on an "economic basis," which induces them to work—if not at a profit, at any rate not at a loss and thus to oppose in some measure the policy of the centre, which is directed towards a loss on export trade.‡

Therefore, so far as the problem of the re-establishment of a credit trade balance in this year is in the centre of attention of Soviet circles (as is well known, these were the instructions of the last party congress); attention is also being concentrated on the question of unprofitable export trade, the reasons for this, and the means for preventing it.

(To be continued.)

* One of the leading officials of the Foreign Trade Commissariat, M. A. Potiaeff, quite frankly explains these "blunders in calculation" in the Soviet journal *Foreign Trade* for January 1926.

† Those responsible for the Soviet Trading Policy acknowledge this: "The basic difficulty," writes Potiaeff, "is contained in the fact that in pressing exports forward we must certainly avoid the easy but fatal mistake of selling out our goods at a loss. The selling of them in haste to cover payments imminently due, if undertaken to any considerable extent, is liable to bring on still greater difficulties and lead to a greater debit trade balance in the near future."

‡ *Foreign Trade*, No. 16, of the 7th March, 1926.

ECONOMIC SURVEY

(The following Survey is strictly impartial both in content and in selection, and is in no way subject to the influence of Editorial opinion).

BULGARIA

TRADE AND INDUSTRY

Foreign Trade Returns for 1925.—The final figures of Bulgaria's foreign trade in 1925 show an adverse balance of Leva 1,648,875,095, as against an adverse balance of only Leva 635,084,978 in 1924. Imports amounted to 413,156,468 kg. and 2,544 pieces to a total value of Leva 7,291,341,103 as against 387,242,681 kg. to a value of Leva 5,557,311,404 in 1924, while exports totalled 320,885,409 kg. and 872,535 pieces to a value of Leva 5,642,466,008 as compared with 390,428,150 kg. to a value of Leva 4,902,226,426 in the preceding year. The 1925 result was the worst experienced during the past six years, as the following figures will show (in millions of leva) :—

	Imports.	Exports.	Adverse balance.
1920	2,214	1,634	580
1921	2,921	2,217	704
1922	4,622	4,330	292
1923	5,121	3,537	1,584
1924	5,557	4,902	655
1925	7,291	5,642	1,649

An increase of Leva 1,734 mill. in imports against an increase of only Leva 740 mill. in exports, i.e. a difference of about a milliard in one year, discloses a most unsatisfactory state of affairs.

The main categories of imports in 1925, as compared with the figures for the corresponding ones in 1924, were as shown in the following table (in millions of leva) :

	1925.	1924.
Textile goods	2,727.0	2,095.0
Metals and products of the metal industry	944.5	931.5
Machinery, instruments and apparatus	743.9	468.9
Cereals and flour	451.8	125.1
Hides, skins and leather	358.2	226.2
Building timber, etc.	285.1	294.6
Fats and oils	248.0	213.7
Colonial goods	241.5	122.6
Mineral oils	192.8	171.2
Paper and strawboard, etc. ...	173.8	118.0
Colours and dyes	153.3	126.0
Chemicals	116.4	113.5

The increase of about Leva 630 mill. in the value of textile goods imported is significant; the Government has endeavoured to prevent further increases in the importation of these goods by raising the import duty on textiles by 30 per cent., hoping thereby to stimulate the activity of the home mills and factories, Commenting on the situation in respect of the textile imports, M.Dragomir Zoneff of Sofia writes in the *Prager Presse* of April 8 last that Bulgarian textile products have during the past few years notably improved in quality, particularly those of Sliven and Gabrovo, which are now practically

equal in quality to the manufactures of western Europe. For many years to come, however, the home manufacturers will not be in a position to meet the entire demand of the home market, so that heavy imports in these commodities may still be expected. The pronounced increase in the importation of machinery, instruments and apparatus is a favourable sign and suggests that some advance is being made in Bulgaria in regard to the introduction of modern plant and methods. On the other hand, the marked increase in the importation of cereals and flour is disappointing, considering that Bulgaria is above all an agricultural country.

The main categories of exports in 1925 and 1924 were (in millions of leva):—

	1925.	1924.
Raw tobacco	2,329.0	1,828.1
Eggs	738.4	572.9
Maize	638.9	1,001.9
Wheat	279.9	82.4
Wheaten flour	223.3	110.4
Silk cocoons	209.0	101.0
Sheep and lambs	174.7	71.5
Oxen and cows	121.2	73.3
Barley	105.4	78.7
Raw lamb-skins	96.3	13.3
Oil of roses	88.7	90.4
Beans	70.4	383.9
Goat-skins	54.5	8.9

The improvement in the tobacco exports, which still maintain the leading position, is encouraging for the home growers, although the actual quantity of these exports rose from 31,715 tons in 1924 to but 33,647 tons in 1925. This advance is well supported by an improvement in the exportation of eggs, silk cocoons, live stock, and various classes of skins, all of which made notable increases as compared with the preceding year. The falling off in the maize exports is to some extent made good by the revival in the trade in wheat, wheaten flour and barley. The big drop in the exportation of beans (from Leva 383.9 mill. in 1924 to but Leva 70.4 mill. in 1925) is particularly striking.

The participation of the principal foreign countries in the international commercial exchanges of Bulgaria is shown in the following tables, in comparison with the figures relating to the trade of the preceding year (in millions of leva):—

Bulgarian imports from—	1925.	1924.
Germany	1,429.6	1,126.1
Italy	1,019.5	788.6
Great Britain	958.6	723.6
Austria	701.8	590.0
Czechoslovakia	570.4	316.0
France	492.5	418.7
Rumania	420.6	409.3
Greece	148.5	111.6
Switzerland	77.8	47.4

Germany well maintains her position at the head of countries exporting goods to Bulgaria, the leading commodities from Germany being machinery, metals, metal manufactures, textile goods, hides, skins and leather. Both Great Britain and Italy improved their trade with Bulgaria, while Czechoslovakia moved up from the seventh position in 1924 to the fifth in 1925.

Bulgarian exports to—	1925.	1924.
Germany	1,130.6	866.8
Italy	771.3	501.7
Greece	743.9	461.1
Austria	460.8	530.9
Switzerland	400.8	199.6
Czechoslovakia	349.7	384.7
France	311.2	631.8
Holland	242.4	130.5
Belgium	240.3	205.3
Great Britain	28.5	26.0
Rumania	24.1	27.3

While Germany still occupies the leading position among Bulgaria's foreign markets, Italy has moved from fourth to second place, Greece from fifth to third, and Switzerland from eighth to fifth. France was less important as a market for Bulgarian goods in 1925 than in 1924, having dropped from second to seventh place; the trade with Austria also showed a falling off. The position of the commercial exchanges with Germany may be regarded as normal. The trade with Great Britain and Rumania is very striking, both of these countries supplying large quantities of goods but receiving very little in exchange.

The Woollen Industry and Exports.—In a recent contribution to the *Slovo* M. D. Kalinoff gives some interesting particulars concerning the development of the woollen industry in Bulgaria and the exportation of woollen manufactures. Under the old Turkish régime Bulgaria manufactured the major part of the cloth required for clothing the Turkish army, besides supplying a large part of the demand of the general Turkish market. The coarse cloths, known as *aba* and *chaïek*, were especially suitable for and much appreciated by the general Turkish population. This state of affairs continued after the declaration of Bulgaria's independence; but after the Balkan war of the Christian States of the peninsula against Turkey the exportation of these commodities to Turkey fell off to a very large extent. In short, up to 1911 the exportation of these woollens to Turkey almost compensated for the quantity of textiles that were imported into Bulgaria from other countries. During the period from 1907 to 1911 Bulgaria exported these manufactures to an annual average of 3 millions of leva, while the yearly average value of the finer cloths imported from abroad amounted to about Leva 4 mill. After the Balkan war of 1914 the value of these exports was only Leva 875,000, while the value of imported cloths had risen to Leva 7,800,000. In 1924 the exportation of Bulgarian home-manufactured woollens totalled about Leva 4 mill.; the imports of fine cloths were, however, valued at Leva 266 mill. The depreciation in the course of the lev during the past ten years has rendered a just comparison somewhat difficult; a clearer idea is obtained by a comparison of the weights in these years. In the period from 1907 to 1911 Bulgaria exported an annual average of 552,000 kg. of woollen manufactures, as against 14,172 kg. in 1924. During the same period the importation of woollen goods amounted to an average of about 358 kg. per annum, as against 475 kg. in 1924. Thus, while the volume of imports has been slightly augmented, the volume of woollen exports has dropped to about one-fortieth. For lace articles the diminution in exports has not been so pronounced, the quantity exported in 1924 being about one-tenth of the average for the period referred to above. In 1924 the lace exports amounted to 17,348 kg. to the value of Leva 4,338,610 (paper).

In one branch of the woollen industry, that of the manufacture of woollen carpets, the value of exports has actually been augmented during the past ten years. This applies particularly to the manufacture of the so-called "Persian" carpets. From 1907 to 1911 the exportation of woollen carpets of various grades amounted to an annual average of 20,000 kg. to the value of Leva 140,000, the average price then ruling being Leva 6.90 (gold) per kilogramme. In 1924 the exports amounted to 8,500 kg., valued at about Leva 3.5 mill. (paper), the prevailing price being Leva 15.25 (gold) or Leva 411 (paper) per kilogramme, or more than twice the price that held in the period from 1907 to 1911. The chief carpet factories are at Panagurichté, Koprivchtitza and Tétéven, the products of which enjoy an excellent reputation on the international market.

The detailed figures respecting the development of the woollen industry of Bulgaria in the course of the past year are not yet available, but the figures published in *La Bulgarie* for 1924 give some idea of the status of this industry. At the close of 1924 the total amount of capital invested in thirty-three of the largest concerns figured at Leva 17,286,409 (gold). The capital invested in plant and equipment represented 58.6 per cent. of the total investments. Of the total number of these mills 15 were joint stock or limited liability companies, commanding 56.4 per cent. of the total

capital investment, 7 were partnerships claiming 25.46 per cent. of the total capital, and 11 were private concerns under a single owner and possessing 18.14 per cent. of the total capital investment. Ten of these concerns possessed an individual capital of between Leva 200,000 and 500,000 (gold); 6 an individual capital of between Leva 500,000 and 800,000 (gold); 7 an individual capital of over Leva 800,000 (gold); while the capital of the remaining concerns ranged from Leva 50,000 (gold) to Leva 200,000 (gold). The average number of workers employed in the industry in 1924 was 3,294, of whom 1,561 were males and 1,733 females. The aggregate sum of wages paid was Leva 1,859,627 (gold), the average wage being Leva 1.9 (gold). The value of accessory materials used by this industry amounted to Leva 851,573 (gold), all the materials being supplied from abroad. The consumption of fuel accounted for Leva 766,704 (gold), this being largely supplied from local sources. The aggregate value of raw and accessory materials consumed during the year amounted to Leva 14,075,250 (gold), of which materials to the value of Leva 9,438,478 (gold) were supplied from abroad. The value of the total production in 1924 was Leva 15,997,237 (gold), as against Leva 14,364,641 (gold) in 1923.

In view of the measures taken by the Government it is expected that the progress of this industry will become more pronounced in the course of the next few years.

The Tobacco Industry.—Recent statistics issued by the Ministry of Finance show that the area under tobacco in 1925 amounted to 50,666 hectares (about 125,000 acres), while the total yield of the crop for the year was about 300,000 quintals. According to the *Levant Trade Review*, a consortium of Bulgarian tobacco exporters has concluded a contract with the Union of Co-operative Societies of the tobacco planters in Bulgaria by which a loan of $1,500,000 for three years has been granted to the growers. The consortium has agreed to undertake the sale of the 1925 crop and then proceed to the disposal of the remainder of the 1924 crop. Altogether the consortium contemplates the purchase of about 6 million kilogrammes of tobacco, and it will also sell on commission the 1926, 1927 and 1928 crops. (*Central European Observer*, April 16.)

DENMARK

Economic and Trade Conditions in April.—The National Bank of Copenhagen and the State Statistical Department supply the following information on the economic and industrial conditions in Denmark in April.

The Danish krone maintained its value during the month. The average of the weekly quotations was for Sterling Kr.18.57 and for the Dollar Kr.3.83 as against Kr.18.60 and Kr.3.84 respectively in March, corresponding to a gold value of 97.4 gold öre in April as against 97.2 gold öre in the previous month. The Danish krone may accordingly be said to have reached stability at from 2 to 3 per cent. short of parity.

Under these quiet currency conditions the adjustment of deposits and loans of the three principal private banks has been continued; loans have been reduced to the extent of Kr.26 million and deposits by Kr.33 million.

During the past month the private banks have drawn to a larger extent on the National Bank, and one reason among others for this is to be found in the decrease of deposits occasioned by the withdrawal of foreign amounts deposited on krone accounts. The loans of the National Bank were accordingly increased by about Kr.33 million, while the amount due to it from abroad was reduced by Kr.13 million.

The note circulation at the end of April was the same as at the end of March, viz. Kr.411 million as against Kr.465 million at the end of April 1925.

The turnover of shares and bonds on the Copenhagen Stock Exchange was comparatively smaller in April, the weekly average being for shares Kr.1.3 million and for bonds Kr.2.4 million as against Kr.2 million and Kr.3.5 million respectively in March.

In the index numbers for Stock Exchange quotations there has been a decline for shares as well as for bonds, the share index number for April being 89.4 (for March, 91.7) and for bonds 86.3 (for March, 87.8). The decrease was mainly caused by shipping and other transport securities, while industrial shares showed up rather better in April than in March.

The wholesale price index number of the Statistical Department for April was 157, as against 158 in March. Certain categories of goods show a slight fall, as compared with a small increase in others.

The trade balance in March was relatively favourable, both imports and exports amounting to Kr.143 million, whereas in the corresponding month of 1925 there was an import surplus of Kr.14 million.

The agricultural export in April was quite satisfactory, and larger in respect of all goods with the exception of bacon. The average weekly export was for butter, 27,110 hkg. (in March 24,042 hkg.); for eggs, 1,086,200 score (in March 1,016,200 score); for bacon and pigs, 34,661 hkg. (in March 37,059 hkg.); and for meat and cattle, 12,570 hkg. (in March 11,628 hkg.).

The official weekly quotations for exported goods were—for butter, Kr.305 per 100 kg. (in March Kr.328); for eggs, Kr.1.02 per kg. (in March Kr.1.29); for bacon, Kr.1.87 per kg. (in March Kr.1.81); and for meat, 56 öre per kg. live weight (in March 52 öre).

Conditions in the labour market were better in April than in March, as is normally the case at this time of the year; unemployment, however, was still greater than in the corresponding month of last year, the percentage being 17.7 at the end of the month as against 13.4 in April 1925. In the industrial trades the percentage was 17.9 as against 12.

The State revenue from Excise and Customs in April amounted to Kr.21.2 million, Kr.9.2 of which was derived from Customs duties. In April 1925 the corresponding figures were Kr.24.1 and Kr.9.8 million.

ESTONIA

POLITICAL AND GENERAL

Post-war Development.—Although Estonia is a young State, she can yet look back over a century of industrial development. The first establishment, a glass factory, was founded in 1800 and the first saw-mill in 1810, followed by a textile factory in 1818. The cotton factory at Narwa is among the most important of these old-established concerns. The Estonian textile industry employed before the war 19,336 hands, the total capacity of the machines amounted to 17,991 h.p., and 621,958 spools were in action. This branch of industry has now fallen off considerably and employs only 9,400 hands. Estonian textile exports amounted last year to 4,088 tons. While the first paper factory was established in 1867, Estonia now possesses five paper and cellulose factories employing 2,100 hands. In the past year the number of hands employed in 54 of the larger saw-mills was 3,900.

Estonia's post-war difficulties which led up to the economic crisis were chiefly due to lack of success in the reorganisation of the great industrial concerns dating from the period of the Russian domination. Reconstruction, particularly in the metal industry, brought much disappointment, as sales were quite inadequate owing to the loss of the Russian market. The Estonian paper industry succeeded somewhat better, production and sales developing on normal lines, so that during the last few years such progress was made that the pre-war output has already been exceeded. Agricultural production has also made satisfactory

progress, although, owing to the agrarian reform, some individual districts cannot entirely keep pace with the others. It is also owing to the agrarian reform that the import of corn and flour continues to play a prominent rôle in the total Estonian import figures, representing nearly 18 per cent, of the 1925 import total. The export of milk products, however, constituted somewhat of a compensation. This branch of agricultural export developed very favourably and formed one of the most important items of Estonian export. The butter export alone arose from E.Mk.212 million in 1922 to E.Mk.2,120 million in 1925, or from 4.4 per cent. to 22 per cent. of the total export. Simultaneously with the steady growth of the number of cattle the export of meat, especially of bacon to England, has developed favourably. In view of the progressive consolidation of the economic position in Estonia it may be expected that this country will emerge victorious from the post-war depression as the first Baltic State. (*Rigasche Rundschau*, No. 83 ; *Wirtschaftsdienst*, No. 13.)

FINANCE

Progress of the Eesti Bank in 1925.—The report on the activities of the Eesti Bank during 1925 shows further favourable development. The balance was increased from E.Mk.7,786 million to E.Mk.8,581 million. The following changes have occurred in the individual items. Cash in hand increased from E.Mk. 731 million to E.Mk.762 million, and the free reserve from E.Mk.760 million to E.Mk.804 million. The increase of the deposits from E.Mk.3,827 million to E.Mk.4,668 million (including State deposits from E.Mk.2,342 million to E.Mk.2,644 million) made it possible to supply fresh capital to commerce, agriculture and industry, and to increase the amount of loans from E.Mk.5,663 million to E.Mk.6,457 million. Among new credits granted were E.Mk.290 million to agriculture, 220 millions for the purchase of goods, 35 millions for increase of working capital, 30 millions for financing imports, 150 millions for banks and 30 millions for industry.

The net profit, however, is less than in 1924, amounting to E.Mk.217 million as compared with E.Mk.257 million in the previous year, though it should be taken into account that the sum of E.Mk.200 million was written off in 1925 as compared with E.Mk.89 million in 1924. The profit and loss account is not yet available, so that no general idea of the extent of business done in 1925 can be obtained.

A report has also recently been published with regard to the progress of the Bank during the first quarter of 1926. The money in circulation has increased by E.Mk.171 million, a usual occurrence in the spring, and the balance-sheet of March 31 shows an increase of E.Mk.40 million in the circulation of bank-notes and a decrease in cash in hand of E.Mk.104 million. Russian business has largely influenced the movement in foreign currency reserves. The financing of the Russian flax operations reduced foreign funds from E.Mk.804 million at the end of February to E.Mk.705 million. By the end of March, however, this had been increased by the circulation of the money advanced to E.Mk.758 million, and on April 15 the funds had risen to E.Mk.800 million. In consequence of the discounting of Russian bills the foreign bill portfolio swelled from E.Mk.97 million to E.Mk.213 million. The current account loans rose at the end of the quarter, chiefly owing to the crediting of interest, by E.Mk.254 million, while home bills and various loans dropped by E.Mk.81 million and E.Mk.121 million respectively. The total amount of loans rose from E.Mk.5,932 million to E.Mk.6,110 million.

Deposits decreased from E.Mk.4,881 million to 4,671 million, the private accounts falling by E.Mk.100 million and the State accounts increasing to a corresponding extent.

Measures for financing agriculture and Russian business have been carried out by means of increased activity in the issue of loans. (*Revaler Bote*, No. 94.)

TRADE

Foreign Trade in the First Quarter.—Estonia's trade balance-sheet for March is now published, showing exports to the value of E.Mk.683 million and imports to the value of E.Mk.643 million, or a credit balance of E.Mk.40 million. The following table shows the balance of trade in the first quarters of 1925 and 1926 (in millions of E.Mks.) :—

	1925.	1926.	Difference.
Imports	2,159	1,938	— 221
Exports	2,060	2,014	— 46
Trade Balance ...	— 99	+ 76	

The total turnover has thus decreased, chiefly owing to difficult transport conditions which were not in existence in 1925. The balance of trade has, on the other hand, improved, showing a small surplus.

The following alterations have occurred in imports. Grain, flour and fodder to the value of E.Mk.456 million were imported as compared with E.Mk.510 million in the first quarter of 1925, other foodstuffs and delicacies to the value of E.Mk.278 million as compared with E.Mk.281 million. The import of leather goods amounted to E.Mk.144 million (E.Mk.60 million) and that of seeds and plants to E.Mk.27 million (unchanged). Paper goods to the value of E.Mk.18 million (E.Mk.53 million) were imported. The import of textile raw materials dropped from E.Mk.427 million to E.Mk.313 million, that of textile manufactures from E.Mk.165 million to E.Mk.153 million. Metal and metal goods were imported to the value of E.Mk.103 million as compared with E.Mk.113 million in the first quarter of 1925, agricultural machines to the value of E.Mk.18 million (E.Mk.16 million), and various machines and means of transport to the value of E.Mk.96 million (E.Mk.134 million). The only increase of importance is in the import of coal, from E.Mk.45 million to E.Mk.106 million. The import of oils and fats amounted to E.Mk.101 million as compared with E.Mk.110 million in the first quarter of 1925 ; artificial manures, E.Mk.17 million (E.Mk.19 million) ; and chemicals, E.Mk.52 million (E.Mk.62 million).

The following export figures are of importance. The export of cattle rose from E.Mk.312 million to E.Mk.404 million and that of hides and leather goods from E.Mk.57 million to E.Mk.99 million. The timber export was small owing to ice conditions, amounting to E.Mk.179 million as compared with E.Mk.291 million. The export of paper, on the other hand, rose from E.Mk.235 million to E.Mk.278 million and that of flax from E.Mk.602 million to E.Mk.616 million. The export of textile manufactures has fallen from E.Mk.433 million to E.Mk.365 million, which is also due to the difficult ice conditions. The export of cement has dropped from E.Mk.26 million to E.Mk.9 million. On the other hand, chemicals to the value of E.Mk.26 million were exported as compared with E.Mk.19 million in the first quarter of 1925.

As soon as shipping can be resumed the export of timber, for which large orders are on hand, should develop considerably, and the same may be said for manufactures of the textile industry. On the other hand, there is also likely to be great animation in import trade, so that a great increase in the volume of foreign trade can be reckoned on during the next few months. (*Revaler Bote*, No. 89.)

Industrial Exports.—The official periodical *Eesti Statistika* (No. 49) publishes a review of the proportion credited to industry in the balance-sheet of Estonian foreign trade during the last three years. Although there are great difficulties in the way of an exact classification of the various articles, the statistics afford sufficient material to convey an impression of the importance of the Estonian export industry in the economic system of the State. The following table gives the general figures for imports of raw material and semi-manufactured goods for industry and for exports of industrial finished and semi-manufactured goods (in millions of E.Mks.) :—

	1923.	1924.	1925.
Imports of raw material and semi-manufactured goods	2,044	1,725	2,552
Exports of industrial finished and semi-manufactured goods	2,283	2,942	3,913

It is clear from these figures that industrial exports have steadily increased and at a faster rate than the imports of raw material. The utilisation of home-produced raw materials has therefore increased, so that there is an increasing credit balance in industrial foreign trade.

Exports from the paper and cotton industries show the largest increase. The upward impetus in the paper industry is demonstrated by the following figures. During 1925 there were produced 38,363 tons of paper, 22,537 tons of wood pulp and 16,233 tons of cellulose, making a total of 77,133 tons as compared with 58,234 tons in 1924 and 46,348 tons in 1923. The value of the paper export rose from E.Mk.629 million in 1924 to E.Mk.1,123 million in 1925, the increase being chiefly supplied by newsprint (E.Mk.626 million as compared with E.Mk.141 million). The Northern Cellulose and Paper Works, whose paper output constitutes 86 per cent. of the total production of all the factories, exported 68 per cent. to Russia and 24 per cent. to other foreign countries. The total imports of raw materials for the paper industry has risen from E.Mk.42 million in 1924 to E.Mk.121 million. There are no figures available in respect of the coal consumption of the paper industry, but the Northern Cellulose and Paper Works consumed 15,000 tons of shale fuel in 1925 as compared with 4,500 tons in 1924.

The cotton industry exported in 1925 material and yarns to the value of E.Mk.1,624 million, as compared with E.Mk.1,091 million in the previous year. The cotton industry also, as represented by the Baltic Cotton Spinning and Weaving Mills, has gone over to the use of shale fuel. In this connection it is of interest to note that the coal import has decreased from 100,000 tons in 1924 to 86,400 tons.

The timber working industry has also shown increased production. Exports of various classes of worked up wood were valued at E.Mk.476 million, as compared with E.Mk.456 million in 1924 and E.Mk.323 million in 1923.

Among other important industries, the cement industry must be mentioned. Exports from this industry amounted to E.Mk.248 million, as compared with E.Mk.187 million in 1924. The match industry exported in 1925 goods to the value of E.Mk.117 million, as compared with E.Mk.70 million in 1924, (*Revaler Bote*, No. 64.)

COMMUNICATIONS

Transport by Air.—A commission consisting of Ministers has recently discussed the question of granting subsidies to the Aeronaut Company, and arrived at the following decisions: (1) State subsidies will not be granted to the air services between Reval and Riga and between Reval and Helsingfors, as the State has other more important demands on its limited resources. (2) No subsidy is necessary for the Reval-Helsingfors service, as this, if properly run, should bring in a small profit. (3) A sum is to be included in the Supplementary Budget for the purchase for military purposes of the Aeronaut Company's lands. (4) The repayment of the State loan of E.Mk.5,000,000 is not to be required of the company. (5) The company is to receive certain concessions in respect of taxation. (6) Any of the company's airmen who may be thrown out of employment are to be engaged by the State Air Service.

If these resolutions are passed they will lead, if not to an entire liquidation of Estonian Air Traffic, at least to restrictions in the Reval–Helsingfors line. The carrying out of these resolutions will be of great importance, as it will involve the retirement of Estonia from participation in the East European airways system. It is an undeniable fact that air transport has attained steadily increasing importance, and the time is not far distant when aircraft will become the primary means of transport. Estonia has at her disposal in the Aeronaut Company an organisation which has hitherto carried out the task of promoting air traffic at a relatively small cost. The original capital of the company was provided by voluntary subscription, the managers draw no salaries, and the State had securities for the E.Mk.5 million loan and has granted a subsidy of E.Mk.10,000. These sums are relatively small compared with the support given by other States to airways. The maintenance of airways does not pay in any country, but in every case the State does its share in promoting this new means of transport.

If the Aeronaut Company is forced to close down, the development of air traffic in Estonia will be incontinently interrupted, but sooner or later Estonia will be forced to take up the services again, for general development will not be held back by the liquidation of the Aeronaut Company. Then a new organisation will have to be established, involving considerable cost. On the other hand, the sums already advanced by the State for the promotion of air transport will be entirely lost. It appears that the War Ministry has exerted its influence to secure the adoption of the above resolutions, as it wishes to come into possession of the land in Laksberg belonging to the Aeronaut Company. There are grounds for desiring to shut off the military aerodrome from private use, but they can hardly be sufficient to justify measures which will bring to so abrupt an end the development of air traffic in Estonia. It is hoped that the resolutions will be subjected to revision in view of the importance of international air communications, and that the State will continue to afford assistance to the existing organisation. (*Revaler Bote*, No. 95.)

FRANCE

(*From our Paris Correspondent.*)

POLITICAL AND FINANCIAL

The Position at the Treasury.—The quick rise in foreign rates of exchange during and after the general strike in Great Britain and their subsequent fall to 146 monopolised public attention to such an extent that the important financial events of the month passed almost unheeded.

On May 1 the extraordinary so-called Loucheur taxes were due for payment. The probable yield had been estimated at about three milliards, but the exact figure was only 2,777 millions. Of this sum 552 millions had already been paid to the Treasury before April 1, and during this month another 1,804 millions were received, thus showing a total of 2,356 millions; further payments are still expected.

The proceeds of the Loucheur taxes were looked to as the principal means for the payment of the Treasury bonds maturing on May 20 (3,160 millions). The shortage, if any, was to be provided by a new loan

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from the Banque de France. But it was feared that the huge sums which were to be paid at the end of April would be provided by the taxpayers by presentation of Treasury Bills due for repayment. In that way the revenue expected from the extraordinary taxes would be provided by the Treasury itself, leaving no free money at its disposal. It was particularly feared that with the usual monthly overdraft of some 1,200 millions for the current needs of the Government at the end of the month, the authorised limit of advances by the Banque de France would be reached but for a small margin not sufficient to cover the maturing liabilities.

The Treasury got through these operations without great difficulty. Of course, the Loucheur taxes did not bring any considerable amount of "fresh money"; by far the greater part of these taxes were probably paid by the taxpayers out of the proceeds of Treasury bill repayments. The official amount of Treasury bills declined by only 150 millions, but this formal result was reached probably by different bank operations ("sundry accounts" in the Banque de France balance-sheet), which do not alter the real meaning of the operation.

As regards the maturing of Treasury bonds on May 20, it did not occasion any considerable difficulty at the Treasury. It is impossible to know how much money was really paid on that date; at any rate, by the 27th, when the weekly balance-sheet of the Banque de France was published, fresh advances to the Treasury for the purpose of meeting the liabilities amounted only to 800 millions. A great number of the bondholders are reported to have availed themselves of the facilities offered to them by the Ministry of Finance (see THE ECONOMIC REVIEW, April 23), and to have subscribed to new Treasury bills. Even if some of the holders demanded cash, they deposited it with the banks, which will invest it as usual mostly in Treasury bills.

The fears engendered by the approach to the legal limit of advances would appear therefore to have abated for the moment (*Le Temps*, May 28), as there is now a margin of some 2½ milliards at the disposal of the Treasury.

Revenue Returns for April.—The revenue returns for April (exclusive of exceptional resources) show a very small increase as compared with the corresponding figures for 1925, as will appear from the following statement (in millions of francs):—

	1926.	1925.	Increase.
January	3,929	2,676	1,253
February	2,210	1,879	341
March	2,063	1,980	83
April	2,967	2,842	125
Total	11,169	9,377	2,802 or 30%

The smallness of the increase is due to the fact, pointed out on April 23, that the principal direct taxes were paid this year in January, thus bringing down the receipts of the following months. April closes the series of months comparison for which is made difficult on that account.

The proceeds of different kinds of taxation are shown in the following table:—

	January-April 1926.	January-April 1925.	Increase.
Direct revenue taxation	3,282	3,238	244 or 8%
Estate taxes and stamp duty (succession duty included)	2,699	2,126	573 or 27%
Different kinds of luxury taxes	484	346	138 or 40%
Indirect taxation of non-necessaries (alcohol, tobacco, gunpowder) ...	1,468	1,214	254 or 21%
Consumption taxes (Customs, turnover, Excise, etc., duties)	3,177	2,598	579 or 22%
Real estate and enterprises belonging to the State	59	46	13 or 25%
Total	11,169	9,568	1,801 or 19%

It may be observed that the rate of increase is not excessively high, especially having regard to the considerable increase in taxation rates and to the rise of general prices, which should have influenced many indirect taxes.

The most striking feature is the extreme smallness of the increase in the direct taxation yield (8 per cent.), and that notwithstanding the higher rates of taxation and the increased monetary revenues which usually follow inflation. Among other causes, fraud has probably played a considerable part in producing this phenomenon (see THE ECONOMIC REVIEW, May 21).

TRADE

Foreign Trade Returns for April.—The adverse balance of trade appeared in March to be much smaller than in the preceding month, but the returns for April again show a considerable difference between the value of exports and imports (in millions of francs):—

	Imports.	Exports.	Adverse balance.
February ...	5,245	4,409	836
March	5,095	4,960	135
April	5,020	4,353	667

An explanation of the above figures will be found on examining the figures of the volume of exports and imports (in thousands of tons):—

Imports.	April.	March.	Difference.
Foodstuffs	421	442	— 21
Raw materials and semi-manufactured goods	3,652	3,315	+ 337
Manufactured goods	110	189	— 79
Total	4,183	3,946	+ 237
Exports.			
Foodstuffs	107	124	— 16
Raw materials and semi-manufactured goods	2,157	2,415	— 258
Manufactured goods	329	380	— 51
Total	2,593	2,919	— 325

It will be seen from this table that the adverse trade balance in April was due principally to the increase in the imports of foreign raw materials and to the decrease in the exports of raw materials and semi-manufactured goods. A very probable explanation of this phenomenon may be discovered in the fact that the working costs in France are lower than in many other countries (because of the depreciation of the franc); not only a greater volume of raw materials and semi-manufactured goods is imported into France, but also many semi-manufactured goods are left in France to be finished with the aid of cheap French labour instead of being exported.

As compared with the corresponding months of 1925 the foreign trade returns for the first four months of 1926 show the following increases:—

Imports.	Value.	Volume.
Foodstuffs	44%	23%
Raw materials and semi-manufactured goods	58%	3%
Manufactured goods	47%	23%
Exports.		
Foodstuffs	25%	3%
Raw materials and semi-manufactured goods	24%	4%
Manufactured goods	20%	8%

It has been inferred from these figures (see THE ECONOMIC REVIEW, April 23) that France sells her goods abroad too cheap. It has been pointed out that the increase in value figures as compared with those of volume is much more considerable for imports than for exports.

Of course, the fall of the franc permits French manufacturers to export their merchandise at a cheaper price than it is possible in countries with a stable currency, but this seems to be only part of the explanation.

The figures shown in the above table can also be explained in part by false declarations as to value on the part of the exporters, who according to a new law

are obliged to return back to France all the capitals in foreign money they have got by selling their merchandise abroad.

INDUSTRY

The French Iron and Steel Industry and Germany.—The development of pig iron and crude steel production both in France and in Germany provokes very keen competition between the metallurgical industries of these countries. The idea is beginning to prevail on both sides of the Rhine that the only possible solution of the problem is to be found in an agreement. The following figures (in thousands of tons) showing the latent over-production of European metallurgical industries in 1925 seems to support this idea :—

	Pig Iron.		Crude Steel.	
	Productive capacity.	Effective output.	Productive capacity.	Effective output.
France	11,000	9,788	9,750	8,873
Gt. Britain	12,000	6,236	12,000	7,397
Germany	15,000	10,016	17,000	12,000
Belgium & Luxemburg	6,300	4,801	5,750	4,421
	44,300	30,841	44,500	32,691

(*Le Temps*, May 9.)

Thus, only about 74 per cent. of the productive capacity of the principal iron producers was utilised during the year. These four countries succeeded in exporting to other countries only some 8 million tons of crude steel out of a total output of more than 32½ million tons. Several countries which in pre-war times were supplied by these principal iron producing countries have endeavoured to develop their own metallurgy ; the growing competition of the United States was also felt in many markets. Besides these and some other general causes there still exist certain special circumstances which contributed to make the struggle between the French and the Westphalian iron producers particularly acute. As far as the French industry is concerned, the fall of the franc stimulated very strongly the export of French iron and steel. The principal raw material, iron ore, has not to be imported, and therefore those conditions do not exist which to a certain extent check the development of the French textile industries (see The Economic Review, April 16 and May 22). The export of iron and steel from France amounted in 1925 to 4,007,000 tons as compared with 3,092,000 in 1924 (in 1913 it was 1,008,000 tons). It will be seen that the increase in exports was considerable enough to induce the manufacturers to extend their output.

As to the German industry, the development of its productive capacity is due to a great extent to the enormous indemnities paid by the German Government to the iron producing companies which lost their metallurgical works when Alsace-Lorraine was returned to France. These subsidies have been in many cases reinvested in new metallurgical works in Germany itself.

The increase in the productive capacity of the French metallurgy since the war is due to the return of Alsace-Lorraine to France.

In 1913 there were 156 blast furnaces (of which 126 were in operation) with a daily output of 14,726 tons of iron. At the end of 1925 there were 167 furnaces with a daily output of 25,016 tons. The number of blast furnaces in Alsace-Lorraine being 46, it may be seen that the number of furnaces on the former French territory has been diminished, viz. 121 furnaces, of which 102 in operation. Notwithstanding this considerable decrease, the daily output in 1925 was even slightly higher than the output in 1913, reaching 14,807 tons. The increased efficiency of the works, as well as the gradual reconstruction of the devastated blast furnaces, seem to promise that the productive capacity of the French metallurgy has no tendency to decrease (e.g. the capacity of the Denain-Anzin Works, now in course of reconstruction, is expected to be some 400,000 tons per annum).

The production of crude steel shows even greater progress, the number of converters in 1925 was 128 and of Martin furnaces 106, of which 24 converters and 10 Martin furnaces were in Alsace-Lorraine. Thus the number of converters on the former territory of France does not exceed very much the pre-war figure (100). Neither does the capacity of production. But the output of Alsace-Lorraine increased the total output by some 2½ to 3 million tons. It must be noted too that reconstruction work in the devastated areas is not yet finished. The growth of production and the limited possibilities of export already realised in Germany and foreseen in France with the stabilisation of the franc make the interested industrialists incline rather to some agreement with the German producers than to further competition.

GERMANY

POLITICAL AND GENERAL

The Government Crisis.—In consequence of the attitude of Dr. Luther in regard to the flag order, a vote of no confidence was passed in the Reichstag against the Government on May 12, followed by the resignation of the Chancellor and the entire Cabinet. President von Hindenburg first offered the Chancellorship to Herr Gessler, former Minister for Defence and member of the Democratic Party, who, however, found himself unable to accept the position. On May 17 the President finally appointed Dr. Marx and entrusted him with the offices of Minister of Justice and Minister for the Occupied Territories, the remaining Ministers of the late Government being, by the President's advice, confirmed in their offices. This settlement of the crisis is regarded as merely temporary, and was only arrived at after considerable discussion.

The Centre and the People's Party have issued the following declaration : (1) The Cabinet crisis must be solved without delay : to this end both parties are prepared to co-operate in a minority Government. (2) It is generally agreed that the position of home and foreign affairs makes it essential that a Cabinet supported by a majority in the Reichstag should be created at the earliest possible date. (3) This Cabinet must include only those parties which recognise the existing international agreements as legally binding, and will guarantee the present foreign policy. This declaration shows that Germany intends to adhere to the policy of Locarno and Geneva, and will maintain the Russian Agreement. The next Cabinet will therefore be formed with the aid of the Social Democrats, the Nationalists, who repudiate Germany's recent foreign policy, forming the Opposition.

The formation of a majority Cabinet will not be possible until after the settlement of the expropriation of the Royal Houses, the plebiscite on that question being fixed for June 20. The President's suggestion in regard to a Union Flag must also be taken up with all speed, so

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EXECUTORSHIPS and TRUSTEESHIPS UNDERTAKEN

that the flag question may be settled, thus paving the way for a basis of co-operation with the Social Democrats. The expectations roused by the Reich Minister of Finance must be fulfilled and the promise of the Minister of the Interior in regard to election reform must not be overlooked. The duration of the present Cabinet is expected to be about two months. (*Hamburger Fremdenblatt*, May 13, 16, 17 ; *Deutsche Allgemeine Zeitung*, May 18.)

FINANCE

Reich Finances at the Opening of the Financial Year.—The financial year 1924, which covered the period from April 1, 1924, to March 31, 1925, was able to boast of an extraordinarily large surplus of revenue over and above the very rough estimate in the year's Budget. A few days ago the first 12-monthly reports of the returns from taxation in the second financial year on a fixed currency basis appeared, covering the period April 1, 1925, to March 31, 1926. If this result is examined as a whole it is satisfactory to note from the standpoint of financial criticism that the former grotesque discrepancy between Budget estimates and actual results has disappeared. In this year's final result the Budget estimate is R.Mk.6.77 milliard (last year R.Mk.5.24 milliard) while the actual returns amount to R.Mk.6.85 milliard (last year R.Mk.7.32 milliard). Thus this year's surplus is only R.Mk.86 million as compared with R.Mk.2.08 milliard last year. This year's estimates have also proved nearer in the more detailed analysis. The so-called property and transfer taxes brought in this year R.Mk.4.83 milliard (last year 5.68), while according to estimates R.Mk.4.85 milliard (last year 4.10) were expected. Under this heading income tax brought in R.Mk.2.25 milliard (last year R.Mk.2.08 milliard) as against an estimate of R.Mk.2.17 milliard, and the turnover tax produced R.Mk.1.34 milliard (last year R.Mk.1.80) as compared with an estimate of R.Mk.1.32 milliard. Great discrepancies between estimate and fact only occurred in the case of the capital tax (returns only R.Mk.270.5 million as compared with an estimated R.Mk.350 million), death duties (returns R.Mk.27.50 million as compared with an estimated R.Mk.36 million) and the luxury tax (actual result R.Mk.77.75 million as compared with a budget estimate of R.Mk.110 million). Estimates for the returns from Customs were very near, the actual result being R.Mk.590.5 million as compared with an estimated R.Mk.500 million, and this was equally the case with the taxes reserved to the Reparations Agent on tobacco, sugar, beer and spirits (returns R.Mk.1,261 million and estimate R.Mk.1,235 million).

Taking the year as a whole the German financiers have estimated correctly, but if the year is examined in its individual quarters the picture becomes a very different one. The figures for the property and transfer taxes divided up in this manner show the following development :—

	Million marks.
First quarter (April-June 1925) ...	1,355
Second quarter (July-Sept 1925) ...	1,218.50
Third quarter (Oct.-Dec. 1925) ...	1,209.50
Fourth quarter (Jan.-March 1926)	1,050.50
	4,833.50

A comparison between the first and fourth quarters of the fiscal year shows that these returns have dropped by R.Mk.305 million, and reckoned over the whole year this represents a decrease of R.Mk.1.25 milliard. The chief contributing factor to this decrease has been the ever dwindling returns from the wages tax. This tax yielded in 1924 R.Mk.1.33 milliard and the returns were maintained in the earlier part of 1925, when the maximum yield of R.Mk.137 million was achieved in May. Owing to the growing unemployment the return from this tax then dropped steadily till in March 1926 the result was only R.Mk.78.5 million. Similar developments took place in regard of the turnover tax and the transport tax. In October 1925 the turnover tax amounted to R.Mk.156.3, and in February and March 1926 it only produced R.Mk.70 million. During the summer months of 1925 the railway returns produced an average of R.Mk.30 million, while in February and March the revenue from this source was only R.Mk.16 and 19 million respectively.

Revenue from the Customs and consumption taxes fluctuated considerably throughout the year, but the total revenue from these taxes in February and March amounted to R.Mk.42 million and R.Mk.48.5 million respectively, while the estimated return from these taxes was R.Mk.580 million for the year, or a monthly average of R.Mk.48 million, so that in spite of the decrease in imports they have maintained a satisfactory level.

If conclusions for the future conditions of State finances are drawn from these lines of development, the most threatening features are the decreases in the wages and turnover taxes. The drop in the former tax is particularly serious, for there is no hope of making up for the deficiency from the returns from the corporation tax or deduction of tax from interest on capital (dividends, Coupons, etc.). Even if all these amounts are added to the wages tax, a heavy downward tendency is still apparent in the 1925 returns: First quarter R.Mk.680.5 million, second quarter R.Mk.599 million, third quarter R.Mk.608 million and fourth quarter R.Mk.552 million. Nor are the decreasing wages tax returns compensated for by revenue from other classes of income tax. If the wages tax continues to yield at its present low rate of R.Mk.80 million per month there will be a deficit of R.Mk.240 million at the end of the present financial year as compared with the Budget estimates for the 1926 yield from this tax.

The official reports of the Reich Central Treasury show the tendency which has crept into the movement of State finances. The surplus of payments over receipts in the first eleven months of the year was only R.Mk.224 million, but in the month of March alone there was a deficit of R.Mk.139 million, apart from the grant of R.Mk.100 million to the Reichsbahn in exchange for preference shares. The heaviest payments which have to be effected by the Central Treasury are in respect of unemployment benefit. According to official reports the sum allotted to unemployment doles in February reached a total of R.Mk.120 million, which was supplied as follows: Employers and employees R.Mk.43.5 million, parishes 14.5 million, provinces R.Mk.31 million and Reich Treasury R.Mk.31 million. For March and April this sum will have increased to R.Mk. 150 million. It is interesting to compare the two figures, R.Mk.80 million a month comes in from the wages tax, while R.Mk.140–150 million is paid out in unemployment benefit. The Finance Minister announced to the Reichstag at the end of March that unemployment benefit was costing the State from R.Mk.40 to 50 million a month, while the sum set aside for this purpose in the 1926 Budget was R.Mk.100 million for the whole year. This weak point in the execution of Reinhold's financial programme should be watched with great attention in the near future. (*Deutsche Allgemeine Zeitung*, April 27.)

Reparation Payments to April 30.—The Agent General for reparation payments supplies the following review of receipts and payments for the second year up to April 30. The receipts for this month amounted to Gold Mk.132,572,265.93, while the total receipts for the year up to April 30 amounted to Gold Mk.735,282,724.79, so that with the cash in hand on August 31, 1925, amounting to Gold Mk.107,013,270.89, there was a total balance in hand on April 30, of Gold Mk.842,295,995.68. These receipts were counterbalanced by Gold Mk. payments in April of 42,782,757.37 to France, 20,322,306.23 to Great Britain, 5,640,371.73 to Italy, 9,583,939.01 to Belgium, 2,553,549.84 to Yugo-Slavia, 999,129.80 to Rumania, 335,656.39 to Japan, 716,963.44 to Portugal, 276,190 to Greece and 6,593.13 to Poland. Various payments to the amount of Gold Mk.10,379,875.25 were made during April. The total payments for the second annuity year up to April 30 amounted to Gold Mk.

742,640,494,.24, so that cash in hand on that date amounted to Gold Mk.99,655,501.44. (*Deutsche Allgemeine Zeitung*, May 15.)

TRADE

The German-Spanish Trade Treaty.—The German-Spanish trade negotiations were brought to a successful conclusion on May 7 by the signing of a final trade agreement, and endeavours are to be made on both sides to have the treaty ratified by May 18. The treaty is to be valid for at least a year, and subject to three months' notice. Even when the many conflicting German interests in Spanish trade had been reconciled, there remained difficulties on the Spanish side in consequence of a Spanish law of 1924 which forbade trade agreement negotiations below a certain rate of the minimum tariff. It seemed therefore impossible to place Germany on an equal footing with those countries which had concluded trade agreements with Spain before 1924, such as France, Switzerland and Great Britain. The results obtained in the present treaty are therefore all the more gratifying. The export rates fixed therein are most reasonable. Spain grants without exception the second column of her Customs tariff, and in addition to this, for several important German products, preferential treatment in regard to this second column, amounting to most favoured nation terms up to 20 per cent. Thus Germany is placed practically on the same footing as the other nations. The Spanish market will nevertheless still remain closed for a number of articles in consequence of the strong feeling prevailing in Spain in favour of the protection of home industries. Thus the duties on iron, sheet metal, wire and so on, amount to 60 or 80 per cent. of the value. As long as Spain maintains this protectionist policy, however, Germany will find herself in exactly the same position as those nations which concluded agreements with her at an earlier date on more favourable terms.

As regards imports from Spain into Germany, Spain has succeeded in getting all she wanted. The question of wine imports, which gave rise to most discussion, has found a solution, which, if it does not give entire satisfaction, still constitutes a *modus vivendi*. Germany grants most favoured nation terms for table and southern wines, viz. the same rates as those granted to Italy, Rmk.32 for red and Rmk.45 for white wine. Concessions have been made in regard to various fruits such as grapes and bananas, while a rate of Rmk.2.50 per d.ctr. is fixed for oranges. For sardines and fish of the same description, which must not be more than 16 centimetres long, a flat rate of Rmk.30 has been agreed to. For cork and other articles the rates remain the same as those of the provisional agreement.

Taken on the whole, the signing of this agreement represents a gratifying step forward in Germany's relations with the world's economic system, and should reassure both the German export market and German import circles, at the same time justifying a hopeful outlook in regard to negotiations with those countries similarly situated to Germanophile Spain. (*Hamburger Fremdenblatt*, May 9.)

Foreign Trade in March.—Since December German foreign trade has shown a credit balance, but this credit balance depended up till February almost entirely upon the decrease in imports, in particular in the import of raw materials, and did not, for this reason, constitute a satisfactory symptom, but rather a sign of the decline of industrial activity. The month of March, says the *Frankfurter Zeitung* (April 23) represents an essential alteration in this state of affairs. For the first time there has been a considerable increase in exports (by R.Mk.140 million) in which the export of finished products participates to the extent of R.Mk.22 million. The export of raw materials and semi-manufactures also increased by R.Mk.23 million, while the small decrease in the foodstuffs export of R.Mk.5 million, as in the previous month, may be described as a mere seasonal occurrence.

The *Hamburger Fremdenblatt* (April 23) considers the improvement in Germany's foreign trade balance as satisfactory only from the point of view of the balance of payments, and characterises it as a whole as one more sign of Germany's depressed economic position and reduced buying power. In comparison with the previous year the pure goods import amounting to R.Mk.2.014 million is reduced by R.Mk.1,375 million, while exports have risen only by R.Mk.467 million to R.Mk.2,501 million. Last year there was a deficit of R.Mk.1,355 million in the balance -sheet for foreign goods trade, and if silver and gold are included the debit balance amounted to R.Mk.1,565 million.

The *Frankfurter Zeitung* on the other hand points out that German exports have in March assumed greater proportions than in any month subsequent to the stabilisation period. It exceeds with R.Mk.927 million the previous record month, October of last year (R.Mk.850 million) and was also higher than the monthly average in 1913 (R.Mk.849.9 million). This, says the *Frankfurter Zeitung*, is an undoubted sign that Germany is regaining her ability to compete in the world market. Imports remained very small, not on account of a reduction in the import of raw materials, which remained unchanged, but owing to a lessened import of foodstuffs and finished products, which testifies to Germany's ability to compete on the home market where prices are concerned. Only a very modest share in this favourable result can be traced to contracts effected at the Leipzig fair with foreign purchasers.

The following table shows details of the development of foreign trade during the past three months (in millions of gold marks, *a* pre-war, *b* present values) :—

Imports.		Jan.	Feb.	Mar.	Jan. to Mar.
Foodstuffs and beverages	(*a*)	167.12	172.10	166.0	505.2
	(*b*)	224.39	224.30	220.0	671.5
Raw materials and semi-manufactures	(*a*)	299.28	264.00	266.4	829.5
	(*b*)	378.18	332.60	331.6	1,042.5
Finished products	(*a*)	73.39	71.20	63.5	208.2
	(*b*)	99.71	96.70	85.6	281.9
Gold and silver	(*a*)	26.08	59.40	41.2	126.0
	(*b*)	26.08	59.40	41.5	127.0
Total ...	(*a*)	571.00	571.30	543.7	1,685.1
	(*b*)	801.47	787.80	926.9	2,517.0

Exports.		Jan.	Feb.	Mar.	Jan. to Mar.
Foodstuffs and beverages	(*a*)	53.42	41.56	38.6	133.6
	(*b*)	66.20	50.30	45.2	161.7
Raw materials and semi-manufactures	(*a*)	129.41	139.40	161.8	431.0
	(*b*)	159.21	167.40	190.4	517.8
Finished articles	(*a*)	401.81	402.00	486.2	1,290.2
	(*b*)	568.25	564.00	686.4	1,818.6
Gold and silver	(*a*)	6.51	4.90	3.7	15.1
	(*b*)	6.83	4.90	3.8	15.6
Total ...	(*a*)	592.10	588.73	691.0	1,872.4
	(*b*)	801.47	787.80	926.9	2,517.6

The import of foodstuffs and beverages shows a slight

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decrease in March as compared with the previous month (R.Mk.7 million). Among other articles wheat, fish, coffee, and fruit contributed to the drop, while butter and cheese show an increase.

A small increase occurred during March in the import of raw materials and semi-manufactures. A total increase of R.Mk.2.6 million in the import of textile raw materials was accounted for by a heavy increase in the wool import (by R.Mk.15.6 million) counterbalanced decreases in the import of cotton and silk by R.Mk.8.9 million and R.Mk.2.7 million respectively.

The import of finished products dropped by R.Mk.11.1 million. This decrease chiefly affects textile goods, dyes, furs, electro-technical products and textile machines.

The export of foodstuffs and beverages dropped in March by R.Mk.5 million as compared with the previous month. The export of wheat decreased. The following quantities of grain were exported: Wheat, 473,973 d.ctr., rye 348,071 d.ctr.

The export of raw materials and semi-manufactures shows an increase of R.Mk. 23 million, in which textile raw materials participate to the extent of R.Mk.4.3 million and sulphuric acid ammonia to the extent of R.Mk.7 million. The export of hard coal has decreased by R.Mk.4.6 million.

The export of finished products shows an increase of R.Mk.122.4 million, including an increase of R.Mk.32.4 million in the import of textile finished products (woollen fabrics R.Mk.5.9 million, cotton fabrics R.Mk.11.5 million), R.Mk.18.8 million in rolling mills products and ironware, and R.Mk.12.3 million in machines. Almost every other item shows some increase, above all dyes, electro-technical products, furs, peltry, paper and paper goods, copper-ware, leather, shoes, glass and glass-ware.

The import of gold and silver shows a decrease in March of R.Mk.18 million as compared with the previous month, and the export has also dropped in comparison with February. (*Frankfurter Zeitung*, April 23; *Deutsche Allgemeine Zeitung*, April 24.)

INDUSTRY

The Ruhr Mining Trust.—At the extraordinary general meeting of the Vereinigten Stahlwerke A.G. on May 7 the share capital of the Company was raised from Rmk.50,000 to Rmk.800 million, the groups concerned being taken over according to the already published quotas, to take effect as from April 1 (see THE ECONOMIC REVIEW, February 5, p.113).

The much talked of Ruhr Mining Trust has thus, after overcoming great difficulties, taken its final form, and one of the great stages in the era of German trust formation has been completed.

The headquarters of the Vereinigten Stahlwerke is in Dusseldorf, but the entire administration of the coal mines takes place from Essen. The constituent companies hand over all their working plant and premises, as well as all suitable subsidiary departments, in exchange for shares in the Vereinigten Stahlwerke, but continue to exist themselves in unaltered form and administer their own capital. A cash valuation has been made of the stocks of the various companies, payment for which has been realised by means of credits already assured, the basis of payment being the inventory of stocks as on April 1, the day from which the arrangement dates.

The participation quotas of the constituent companies on which the proportions of the taking over of capital are based, are so distributed that the Rhine–Elbe Union supplies 39.5 per cent., Thyssen 26 per cent., the Phoenix 23.65 per cent., the Rhenish Steelworks 8.5 per cent. and the Vereinigten Stahlwerke van der Zypen and Nissener Eisenhutten 2.35 per cent. In absolute capital the participation is as follows:—

Rhine–Elbe Union	Rmk.316,000,000
Thyssen	208,000,000
Phoenix	189,200,000
Rheinstahl	68,000,000
Ver. Stahlwerke v.d. Zypen	18,800,000
Total	Rmk.800,000,000

If a comparison is made with the capital of the various participating companies according to their balance-sheets for 1924–25, it will be noticed that, setting Thyssen on one side, the balance-sheet value of the plant of the individual works exceeds the participation figure in the capital of the Trust, except in the case of v.d. Zypen. The latter company is therefore the weakest, not only according to its quota, but also relatively. On the whole the Trust appears to have a very firm basis as regards capital, a very important point in view of the extensive proportions of the Vereinigten Stahlwerke and the immense importance of such a trust, not only for the heavy industry but for the German economic life as a whole. A pillar of economic strength has been formed which is a practical realisation of the theory of rationalisation.

The capital of the Rhine-Elbe Union amounts to Rmk.293.6 million, with a loan debt of Rmk.46 million and reserves of Rmk.76.3 million. The assessment of the whole plant amounts to Rmk.377 million, while stocks are estimated at Rmk.72.1 million in the 1924–25 balance-sheet and permanent participations amount to Rmk.72.1 million.

The Phoenix possesses a higher capital (Rmk.300 million) than its share in the Trust (Rmk.189.2 million), but has considerable permanent participations (Rmk. 158.4 million). The loan debt of this company amounts to Rmk.1.4 million, its reserves to Rmk.30 million, its plant to Rmk.201 million, and its stocks of material to Rmk.45.2 million.

The Rheinstahl, with a Trust participation of Rmk.68 million, has a capital of Rmk.160 million, a loan debt of Rmk.33.2 million and reserves of Rmk.24 million, and disposes of plant to the value of Rmk.146.8 million, stocks valued at Rmk.44.8 million and permanent participations of Rmk.10.2 million.

In the case of the Vereinigten Stahlwerke van der Zypen, the balance-sheet value of their plant (Rmk.15.2 million) and stock (Rmk.5.3 million) amounts exactly to their share in the Trust. Their capital amounts to Rmk.22 million, their loan debt to Rmk.300,000, their reserves to Rmk.2.5 and their permanent participation to Rmk.2.5 million.

In judging of the stock in hand of the various companies it should be remembered that the estimates for the formation of the Trust were made on April 1 and not on the balance-sheet results. (*Hamburger Fremdenblatt*, May 8.)

Developments in the Potash Industry.—The leading company in the Potash Concern, the Kali Industrie A.G. in Cassel, intends from reasons of practical economy to exchange for shares in its own company all shares and interests in those of its affiliated undertakings whose profits are at present, as the result of mutual agreements, pooled with its own for the purpose of paying dividends. The exchange is to be effected in the same ratio as the proportions allotted to the profits of the individual undertakings in the agreements now in force in regard to the distribution of dividends. The intention is to abolish these undertakings entirely either by amalgamation or liquidation. As the Kali Industrie A.G. already owns three quarters of the shares in these concerns, it may be assumed that practically all the shares will come into the possession in consequence of this exchange, the more so as other owners of shares will be forced to surrender them in process of the amalgamations or liquidations. The same procedure will probably be followed in the case of those concerns which for special reasons have not yet been transformed. The possibility of carrying out such a course of action is provided by

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the preference shares of the Kali Industrie A.G., and it is intended to abolish the non-essential remainder of these shares for the purpose of carrying through this measure. The share capital will thus be reduced to about one half of the present total of R.Mk.320 million. (*Kölnische Zeitung*, April 28; *Deutsche Allgemeine Zeitung*, April 29.)

The Hallesche Kaliwerke A.G. in Schlettau a.d.Saale, whose annual report for 1925 has just been published, is paying a dividend of 10 per cent. on both classes of shares out of net profits amounting to R.Mk.294,445. Last year with net profits of R.Mk.233,706 a dividend of 8 per cent. was paid. The year under report began with great animation in sales of potash both at home and in the chief foreign markets, whereas after the quiet summer months the expected autumn business did not assume the desired proportions. However, the total turnover of the Potash Syndicate in the past year rose to 12,255,117 d.ctr. K_2O as compared with 8,420,605 d.ctr. in 1924, which represents an increase of 45 per cent. If it was possible for the Hallesche Kaliwerke to obtain a moderately satisfactory result this was purely owing to the greatest possible economy in the administration of the utilisation of by-products. The quota of these works has been raised by an additional three per cent. to 83 per cent. of the average quota figure. The quota which amounted at the close of the year to 3.9033, and including the participation in the Gewerkschaft Saale and the company's share in Mansfield and Einigkeit 7.7108 thousandths. The factory production of the Hallesche Kaliwerke in potash products amounted to 96,352 d.ctr. as compared with 51,028 in 1924. The share of the company in the foreign loan taken up by the Potash Syndicate amounted to £64,000 sterling. Spring business in 1926 has developed fairly satisfactorily. (*Hamburger Fremdenblatt*, April 26.)

Contrary to rumours which have recently been in circulation to the effect that potash sales during the month of April had been far from satisfactory, sales development during that month has been perfectly normal. The estimated sales for April amounted to 450,000 d.ctr., while the actual sales are already reckoned at 500,000 or 530,000 d.ctr. pure potash. Potash sales in April 1925 amounted to 667,731 d.ctr. (*Kölnische Zeitung*, April 28.)

Report of the German Potash Union for 1925.—The potash industry may rightly be described as exemplary from the point of view of rationalisation, for the year under report brought the necessary transformation in this industry to a definite conclusion. The report of the Potash Industry Company, Cassel, is of interest in this connection. Among the companies associated in this concern there are to-day 85 works possessing a quota each, and four additional quotas. The share in the total sales falling to an average works is at present 60,000 d.ctr. of pure potash. After closing down, only 10 out of the 89 works will be in action, each with an average production of 600,000 d.ctr. of pure potash. There is no need to point out the enormous saving in the cost of administration, working material, coal and power that this involves. When all the factories in this concern were working, 22,000 hands were employed; after the transformation the number will be reduced to 9,500. During the years 1919 and 1920 there were works whose average content in output amounted to 7 per cent. K_2O, whereas now the worst works produce an average raw salts content of 11 per cent. K_2O, and the average of all works will be 13.5 to 14 per cent. The former output was 1 d.ctr. per man per shift, and this will now be increased to 2.5 d.ctr., while a further improvement is quite within the bounds of possibility. Before the transformation there were works in the concern that produced 2,000 d.ctr. per shift with 7 per cent. K_2O and wasted any amount of labour in production, while to-day 30,000 d.ctr. can be produced in one shift with double the K_2O content.

In spite of all the wretchedness of the economic situation the year under report was a year of gradual improvement in the potash industry. The later months of the year brought a slight set-back, but it is hoped that the upward tendency which set in in 1925 will be maintained without interruption in the current year. This can only be the case, however, if the efforts to put the other branches of industry, above all agriculture, on their feet are crowned with some measure of success, for a healthy member, such as the potash industry is at present, cannot maintain itself indefinitely in a sick economic body.

The following table shows the development of sales of German potash salts (pure potash):—

	Raw salts, d.ctr.	Manufactures, d.ctr.	Total sales, d.ctr.
1919 ...	3,777,474	4,342,550	8,120,024
1920 ...	3,516,800	5,719,634	9,236,434
1921 ...	2,756,156	6,455,312	9,211,468
1922 ...	3,001,926	9,953,517	12,955,443
1923 ...	1,682,002	7,177,421	8,859,423
1924 ...	1,757,240	6,663,365	8,420,605
1925 ...	2,376,564	9,876,553	12,255,117

Sales in 1922, with nearly 13 million d.ctr. of pure potash, stand out prominently above those of other years. These extraordinarily large sales were due to low prices and the rapid and progressive depreciation of the currency. While 74 per cent. of the 1922 sales went to German agriculture, foreign participation was greater in the sales of 8.8 million d.ctr. in the following year, amounting to 39.6 per cent. A similar development occurred in the year under report. In consequence of favourable prices, orders came in in large numbers in the early part of the year and by the end of July 1925 sales had already reached 8.3 million d.ctr., equalling the year's sales for 1924 in seven months. However, all orders given after the spring sowing could only be utilised for the following crops. This was plainly felt in the autumn, so that the total sales for 1925 only reached 12.2 million d.ctr. If a just view is to be obtained of the movement of potash consumption sales, fluctuations of this nature must be rightly interpreted. Foreign sales, which in pre-war days showed a steady upward trend, reached during the last few years with 3.5 million d.ctr. the 1909–1910 level, though still below that of the subsequent pre-war years. In 1913 foreign sales amounted to 5 million d.ctr., and in 1914 were still as much as 3.6 million d.ctr., while during the war an average of 1.5 million d.ctr. of pure potash was sold to foreign countries.

The share of industry in potash consumption has remained, as far as actual quantities are concerned, practically steady. With about 700,000 d.ctr. in 1924 industry took about 7.9 per cent. of the total sales. In consequence of the growing demand from agriculture, industry's percentage sank considerably during 1925.

New prices were fixed during 1925. These are shown in the following table, in comparison with pre-war prices:—

Variety.	1914.	April 16, 1925.
Carnallite	Mk. 8.50	Mk. 7.56
Kainite	10.00	8.97
20% potash fertilising salts	14.00	12.24
30% potash fertilising salts	14.50	15.64
40% potash fertilising salts	15.50	16.68
Chloride of lime 50–60 per cent. ...	27.00	27.00
Chloride of lime over 60 per cent. ...	29.00	29.00
Sulphuric acid potash...	35.00	31.25
Sulphuric acid potash magnesium ...	31.00	28.85

The prices of April 16 are lower than those of pre-war times where the most important salts are concerned, such as the sulphates, and in other cases prices are unchanged. Only two varieties have experienced an increase.

Interest during the latter part of the year centred in the negotiations of the German Potash Syndicate for a large foreign loan, which was intended to bring in $50 million, and to be placed chiefly in New York. The impression was given during the negotiations that a heavy over-subscription might be expected in America. However, at the beginning of December the United

States Government suddenly placed difficulties in the way, its policy being strictly against any tendency to industrial monopolies. The loan, however, was eagerly taken up in England, where a much more obliging attitude has been adopted, so that the rate of issue has been fixed at 94½ instead of 93, as originally suggested. The loan has met with success in Holland, Sweden, and Switzerland.

The high prices of fuel have an adverse effect on the development of the potash industry, as the price of Westphalian gas coal has increased 25 per cent. and Central German brown coal by 12 per cent. as compared with 1913, while prices for potash remain practically unchanged. Every endeavour should therefore be made in the hard coal and brown coal industry to reduce the cost of production, as has been done in the potash industry, with a view to bringing down the price of coal, which will then enable other industries to reduce their prices in their turn. There is no doubt that such a general reduction of prices would lead to a gradual recovery in economic conditions. (*Glückauf*, May 15.)

SOCIAL AND LABOUR CONDITIONS

Decrease in Unemployment in March. — The newly-published Trades Unions reports for the end of March continue to indicate most serious conditions on the labour market. It is true that unemployment has, on an average, slightly decreased in the reporting Unions as compared with the end of February, the improvement amounting to about 5 per cent.; but, in the first place more than 20 per cent. of the members of the Unions are out of work and secondly this year's March decrease is far smaller than the average seasonal drop. The development of the labour market during March therefore indicates a depreciation rather than an improvement in industrial conditions. Although it is true that rationalisation has combined with the economic crisis to bring about the unemployment of the last few months, it can hardly be assumed that the former cause has had a stronger effect on the dismissal of workers in March than in the previous months. A yet more ominous indication is the increase in the number of part-time workers in March. This development does not hold out much hope for the situation on the labour market in the first half of April. Out of 3 million workers under report 43 per cent. were either unemployed or on part-time work at the end of March. The following table gives details of the development of unemployment and part-time work in the larger trades unions (percentage of the total number of members of the unions under report):—

Unions.	Unemployed.			Part-time workers.		
	Jan.	Feb.	Mar.	Jan.	Feb.	Mar.
German metalworkers	18.8	20.4	24.1	32.8	30.8	36.2
German textileworkers	13.1	17.1	18.9	46.3	50.0	52.9
German woodworkers	32.3	32.7	30.6	24.5	24.4	21.6
German factory workers	20.6	20.1	18.7	17.6	16.4	14.7
German transport union	10.1	10.3	10.6	5.0	4.7	4.9
Bookbinding and paper workers	13.6	14.5	15.5	40.2	42.4	40.0
Shoemakers	37.7	40.3	35.8	46.9	45.1	39.3
Food and delicacies workers	19.2	18.3	19.0	18.7	13.3	12.2
Foodstuffs and beverages workers ...	6.2	5.4	5.1	2.7	2.5	1.7
German bookprinters ...	6.3	6.2	6.6	3.3	1.9	1.6
German tobacco workers	27.8	30.8	33.4	43.5	42.8	41.0
Glass workers	16.9	18.7	18.8	15.0	19.4	18.3
China workers ...	14.3	14.8	15.7	39.2	32.7	25.0
Clothing workers ...	32.9	31.3	27.2	44.8	41.9	29.8
Building industry ...	52.1	40.2	33.9	0.1	0.1	—

(*Frankfurter Zeitung*, April 22.)

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SWEDEN

(*From our Stockholm Correspondent.*)

Foreign Trade Returns.—During the first three months of 1926 the trade balance showed an import surplus of Kr.91.5 million. The total imports were Kr.335.7 million and the total exports Kr.243.8 million, as compared with Kr.322.9 and Kr.234.4 million in the corresponding period of last year.

The following goods showed an increase in imports in comparison with the preceding year: cotton, wool, woollen yarn, vegetable fats, oil cake, coke, pit coal, iron plates, automobiles and machinery. The following showed a considerable decrease: rye, wheat, sugar and benzine. The wheat imports, however, again show a rising tendency, as, notwithstanding the plentiful harvest of last year, the stocks of home-grown wheat are being considerably reduced.

Butter exports were in the first three months double those of last year. Meat exports also showed a considerable improvement. The export of timber and wood pulp was smaller, but, on the other hand, that of paper shows a record figure, having increased by about one-seventh as compared with 1925. Iron exports declined still further, while matches and factory products showed an increase.

The figures for the export trade to the individual countries in 1925 are now available. The total was 8 per cent. greater than in 1924 and 66 per cent. greater than in 1913. Prices averaged 53 per cent. above the pre-war level. Exports to Germany showed the largest increase, owing to the increase of the iron ore figure from Kr.55.6 million to Kr.96.6 million out of a total export of Kr.122.2 million. In 1913 the value of the iron ore exports to Germany was Kr.53.5 million.

The export figures for the principal countries were as follows (in millions of kronor):—

	1913.	1924.	1925.
England	238	358	362
Germany	179	133	206
France	66	93	84
Denmark	71	83	83
Norway	54	55	65
Russia	32	44	32
United States	34	153	143

Bank Rates.—On April 15 the private banks raised the debit and credit interest, although the rate had not been increased by the Riksbank. This step was taken by the private banks in view of the removal of funds from deposits and current accounts, the rate for which was raised from 3½ to 4 per cent. At the end of 1920 the amount of capital in the hands of the banks was over Kr.5 milliard. This amount subsequently declined year by year, until at the end of 1925 it was only Kr.3,494 million.

The Wood Pulp Market.—The cellulose market has not undergone any change during the past week and is still of very little interest on the whole. In strong sulphate 5,000 to 6,000 tons have, however, been sold during the week for 1927 delivery at a price of $3.00 to $3.05 ex dock U.S.A. Whether new sales will follow it is impossible to say.

The strike in England is one cause of the present dulness in the cellulose market. English buyers have held off and buyers in other countries have done the same, thinking that, if the strike were to last any considerable time, it would weaken the strong position of the cellulose mills. Some mills received proposals from English buyers to postpone deliveries.

In wet mechanical pulp it is estimated that about 10,000 tons have been sold for delivery this year and about 20,000 tons for delivery in 1927. Some of the contracts for 1927 were made with English buyers after the outbreak of the strike, the price being £3 18s. 9d. to £4 1s. 3d. The sales for delivery this year have, with few exceptions, been made with France and Belgium. The price is stated to be Kr.60.50 to Kr.61.75 f.o.b., prompt cash.

Shipments of Iron Ore.—Sweden's largest producer of iron ore, the Trafik A.B. Grängesberg-Oxelesund, had a record year in 1925. More ore was mined and shipped than in any previous year. In 1913 3,268,000 tons was shipped from Kiruna and 1,151,000 tons from Gellivara, the two great iron ore centres in Lapland. In 1925 the corresponding figures were 4,404,000 and 1,431,000 tons, although these figures include about 400,000 tons of ore sold from the stock of the British Government in Narvik. The balance-sheet shows a considerable improvement. The debts have been reduced by a total of Kr.18 million. The Company's net profits in the last four years were: in 1922, Kr.14,453,000; in 1923, Kr.9,400,000; in 1924, Kr.14,514,000; and in 1925, Kr.26,214,000. A dividend of 17 per cent. is proposed. After its distribution there will remain an undistributed profit reserve of Kr.8,200,000, with a share capital of Kr.119 million and a reserve fund of Kr.46 million.

SWITZERLAND

POLITICAL AND GENERAL

The Economic Situation.—The report of the Zurich Chamber of Commerce for the year 1925 contains a survey of the economic situation in Switzerland and of the effect of international conditions upon the Swiss economic life. The past year was one of difficulties in international economy and still showed the effects of the unstable currencies and the reduced purchasing power resulting from the period of inflation. The growing tendency towards a more pronounced policy of protection also proved a hindrance to international exchanges. In such circumstances it is scarcely to be wondered at that the expectation of a general improvement in Switzerland, based on the development of affairs in the preceding year, was not fulfilled. More than any other country Switzerland is sensitive to the general international conditions, since her own development is so closely related to that of foreign countries. The state of affairs may have proved a boon for certain branches of national economy, but this by no means indicates that the general economic life was satisfactory. Money became admittedly cheaper during the year, and this resulted in a reduction in the rates of interest in the hypothecary business and eased the situation in the obligation market. The increased liquidity of money, which was the immediate cause of this pleasing development, is to be attributed less to the growth of inland capital than to the influx of money from abroad. There was also a notable drop in the prices of some of the most important of the raw material imports, such as coal, iron, wool and cotton; but this fall in prices was accompanied by only a slight reduction in the cost of living. During the first half of the year there was a noticeable improvement in the labour market, but the situation became much worse during the second half of the year. The increase in the British import tariffs which came into force on July 1, 1925, was followed by an increase in the German tariff for numerous articles of primary importance to Swiss economic life; these two measures inflicted considerable damage upon Swiss exports and consequently upon many branches of home industry. The foreign trade returns for the year reflect very clearly the disastrous effect of the introduction of the new British tariff, and although exports to Great Britain were forced during the few months preceding the coming into force of the new rates, the result for the year as a whole was far from satisfactory, representing an increase of Fr.161.3 mill. in the adverse balance of trade as compared with the preceding year.

Efforts are being made to improve the commercial relations with certain foreign countries, but the situation remains full of difficulties and the outlook is not particularly bright. Many of the industries, too, are working against great obstacles and it will probably be a considerable time before any appreciable advance is made. (*Neue Zürcher Zeitung*, May 6.)

FINANCE

Comments on the Federal Accounts for 1925.—The statement of the final Federal accounts (see The Economic Review, April 30) has been favourably received by the general Swiss Press. The *Journal de Genève* of April 30 states that the returns mark a fresh advance in the diminution of the Budget deficit, a process that has been slowly and steadily encouraged by the Minister of Finance during the past few years. The last statement is, perhaps, the last stage before reaching the desired goal of the definite equilibrium in the national finances. The deficit in the administrative accounts amounted to Fr.9 mill.; that of the entire accounts of all departments was Fr.12 mill. Such a result is very satisfactory and encouraging when compared with the deficits of recent years. The year 1924, for instance, closed with a deficit of Fr.43.5 mill., while in 1920 the deficit was as high as Fr.200 mill. and in 1918 it attained the figure of some Fr.265 mill. The result for 1925 is also more favourable than the estimated figures of the Budget; the actual expenditure was approximately 7 millions below and the revenue realised approximately 10 millions above the estimates, the net improvement representing about 17 millions. The increase in the receipts, as compared with the estimates, was largely due to the yield of the Customs duties. It should be noted that the yield of the tobacco duty has been excluded from the Budget, since this item will, as from January 1, 1926, be exclusively reserved to the account of social insurance. The Ministries that played the chief rôle in the diminution of national expenditure were the Ministry of War, which effected a saving of 2 millions, the Ministry of the Interior, which economised to the extent of Fr.1.7 mill., and the Ministry of National Economy, which reduced its expenditure by some Fr.1.3 mill. The extraordinary expenditure item remained about the same as in the preceding year, at a level of about Fr.41 mill. Of this total a sum of Fr.16.6 mill. was absorbed by the efforts to reduce unemployment; a sum of Fr.10 mill. was required for the electrification of the Federal railways, and a further sum of Fr.13.7 mill. for insurances in connection with German companies. The expenditure on account of unemployment is being steadily diminished and should soon disappear altogether; in the Budget for 1926 it figures at only Fr.7.2 mill. The subsidy for the electrification of the Federal railways will appear in the Federal accounts for the last time in 1929, while the sum voted for the victims of the German insurances represents a unique item in the Federal accounts and was provided by a special law. It is expected that, in view of all these circumstances, the total of the extraordinary expenditure, if not entirely wiped out, will be far lower in subsequent years.

The *Neue Zürcher Zeitung* of April 26 also takes the view that the final accounts for 1925 are satisfactory and reveal a marked progress in the sanitation of the public finances. During the past year the State obligations (consolidated and floating debts) have been reduced by some 49 millions. Of the total Federal loans the internal loans amount to Fr.1,688,085,000 and the foreign loans to Fr.398,550,000 ($71,000,000). The floating debt, which amounts to Fr.168 mill., consists of Fr.31 mill. discounted Treasury notes at the National Bank, Fr.42 mill. outstanding debt to the Swiss Post Office, Fr.37 mill. outstanding debt to the Railway Administration, and Fr.58 mill. outstanding debt to the insurance account of the Federal civil servants and employees.

TRADE

Foreign Trade Returns for April.—The value of imports in April amounted to Fr.180.1 mill. as against Fr.205.52 mill. in March, while the value of exports fell from Fr.159.5 mill. in March to Fr.143.9 mill. in April. The April returns thus show an improvement of about 10 millions in the trade balance, the adverse balance for April being about Fr.36 mill. as against Fr.46 mill. for March. The improvement is still more

marked when the April returns are compared with the monthly averages for the first quarter of this year, the adverse balance of trade for April being some twenty-two millions lower than the average monthly adverse balance during the first three months. On the other hand, the value of exports in April is about twenty millions lower than the figure for April 1925. With few exceptions the decrease in exports was common to all categories. (*Neue Zürcher Zeitung*, May 13.)

Tariff Changes.—The decree of the Federal Council of February 26, 1926, came into force on March 1 last. In virtue of this new order the export duty on iron filings, shavings, etc., from sheet iron, and also on scrap iron and steel has been provisionally repealed, states the *Rapports Economiques de la Feuille Officielle Suisse du Commerce*, No. 4.

The *Neue Zürcher Zeitung* of May 13 announces that the increased tariff for barley, malt and beer has been fixed by the Federal Council. The supplementary duty on brewers' malt is Fr.14.50 per 100 kilogrammes (gross); that on cereals or pulse for brewing purposes is Fr.10.70 per kilogramme (gross). The increase in the duty on beer imported from abroad corresponds to the above rates. It is estimated that these increases in the import duty will yield from Fr.5 to Fr.6 mill.

The 1925 Tourist Season.—Dr. Blaser, of the General Swiss Traffic Bureau, has just published an account with full details of the 1925 tourist season in Switzerland, from which one can ascertain the present situation and the prospects of future development.

The crisis from which the Swiss hotel industry suffered for a period of ten years or so seems now to have been overcome; there has been a general recovery and the situation has improved in all branches. Two or three good seasons are, however, not sufficient to make good the heavy damage caused by the war period. Following a good spring season the hotel industry experienced a fairly satisfactory summer season in 1925, the financial results of which will probably prove to be better than in the preceding seasons. The unfavourable weather, however, materially affected the results. Switzerland has now also to contend against other factors that react adversely upon her traffic. Numerous other countries are now making strenuous efforts to attract tourists and to develop their air-cure and spa resorts. In some the organisation and propaganda are both more complete than is the case in Switzerland, thereby not only attracting foreigners to those countries but also inducing nationals to spend their holidays in their own country. The currency problem, too, plays a part in restricting the influx of visitors.

A modern tendency of travellers is frequently to change their holiday centres, spending but a little time at each place. Moreover, travellers do not to-day spend so freely as hitherto; the effect of this Spartan tendency is very marked in Switzerland, less being spent per head than before the war.

In regard to the nationality of visitors the past year showed a great increase in the number of German travellers, the improved returns in some districts being solely due to the growth in the German traffic. During the past few months, on the other hand, this movement has stopped. With the notable exceptions of the Italians and the Greeks most nationalities were better represented in 1925 than in 1924. The following table gives the percentage of the respective nationalities visiting thirty of the most important centres in Switzerland in 1925, as compared with the figures for 1924 and 1913 (in percentages of the total traffic):—

	1925.	1924.	1913.
Swiss	40.81	42.93	20.5
German	22.47	18.14	28.4
British	10.29	10.98	9.6
United States	7.98	7.31	10.5
French	3.87	4.32	11.7
Dutch	3.76	4.27	4.6
Austrian	2.13	2.04	3.8
Italian	1.81	2.11	2.6
Belgian	1.24	1.38	—
Hungarian	0.92	0.78	—
Czechoslovak	0.81	0.68	—
Scandinavian	0.80	0.75	0.7
Spanish and Portuguese ...	0.75	0.67	1.1
Polish	0.67	0.63	—
Greek	0.40	0.58	—
Other countries	1.29	2.43	6.5

(*Neue Zürcher Zeitung*, May 14.)

SOCIAL AND LABOUR CONDITIONS

Unemployment at the End of the First Quarter.—At the end of March the number of registered unemployed applying for situations at the Labour Bureaux totalled 14,307 persons, of which 9,809 were males and 4,498 females. These figures indicate an appreciable improvement on the situation at the end of February, when 18,138 persons (13,413 males and 4,725 females) were registered as unemployed, and a still greater improvement on that at the end of January, when there were 20,525 applicants for work (15,690 males and 4,835 females). The number of unemployed is, however, still higher than during the first quarter of the preceding year, the figures at the end of January 1925 being 12,184, 11,834 at the end of February, and 10,185 at the end of March. The rate of improvement during the first quarter of 1926 is, on the other hand, greater than that for the corresponding period of last year, the figure of the total number of unemployed at the end of March 1926 representing a decrease of 30.3 per cent. on the figure for the end of January, as against a decrease of 16.3 per cent. in the returns for the first quarter of 1925. In the transport trades and the liberal professions there was a slight increase in the number of unemployed at the end of March as compared with the end of February; the chief decreases were registered in the groups of foodstuffs, beverages and tobacco, the clothing industry, agriculture, the building trades, the wood-working and glass industries, the leather and rubber industries, the graphic arts, and the metal and machine industries. The situation in the textile branches showed a notable improvement during the month, the number of unemployed being reduced by 586 persons. (*Rapports Economiques de la Feuille Officielle Suisse du Commerce*, No. 4.)

THE ECONOMIST'S BOOKSHELF.

BRITISH WAR BUDGETS.

British War Budgets. By F. W. HIRST and J. E. ALLEN. (Oxford University Press. Price, 15s. net.)

This publication contains a twenty-page account of the expenditure on war and armaments from 1793 to 1924, and a summary of the Budget speeches from 1914 (November) to 1924, together with a selection of comments in the House of Commons on the various financial proposals. Criticisms from more authoritative quarters or from authors are disappointingly rare. In modelling their work on Stafford Northcote's famous book the authors have invited an unfavourable comparison. Moreover they have set about their task with an implement ill suited for their purpose. Northcote's discursive style lent itself peculiarly to the smaller Budgets of the forties and fifties and to men of the calibre of Peel and Gladstone. In our day the figures are so much bigger and the men so much smaller that the historical method should be interspersed with the statistical and analytic. The almost entire dependence of the authors on the historical method has allowed the book to descend to a mere chronological record.

Every reader will be impressed with the immensity of the authors' industry. They have summarised every Budget and the debates on financial proposals with great ability and fairness. All points of view expressed in debate have received attention. Apart from this the book contains little more than a few quotations from the *Economist* and an occasional expression of opinion from the authors. This opinion is so well founded that its retention in the background amounts to a defect. The

contents for the most part are taken from Hansard, where they might well have remained.

Without wishing to play the role of the "sharp-eyed critic" we consider the subject of sufficient importance to warrant an examination in some detail.

The introductory chapter on expenditure for war and armaments from 1793 to 1914 attempts too much in too small a space. In its stead there might have been submitted with advantage a description of the pre-war fiscal system. The details of the revenue and expenditure for a particular year, together with a description of the method by which the Treasury controlled the spending departments, would have formed a valuable chapter, especially as frequent reference is made to pre-war conditions. A clear understanding of the pre-war fiscal system would enable the reader to appreciate more sympathetically the problems which confronted the various Chancellors of the Exchequer. The British fiscal system was admired by numerous foreign observers. Our taxation of income and property which operated successfully the principles of differentiation and graduation, was a model to fiscal authorities in other countries. The elaborate development and consolidation of inheritance taxation provided a second considerable source of direct revenue. Customs and excise duties were confined almost entirely to alcohol, tobacco, sugar, tea, coffee, dried fruits and their substitutes. Stamps, licences and assessed taxes provided the balance of the tax revenue. The paucity of the sources of revenue appeared on the surface to be a weakness. It could have been well argued that this system was admirable for peace, that the cost of collecting this revenue was exceedingly small, that the few British taxes lent themselves admirably for the correct adjustment of the tax burden between the various classes of the community, but that it could not stand the strain of war. Yet when the test came the system stood the strain of our tremendous war cost. The only productive source of revenue discovered during the war was the excess profits duty, which was in reality a tax on income of a specific kind, and but for this separate tax a proportion of its revenue would have found its way into the Exchequer through the medium of income and super-tax. The new import duties and the Entertainments Tax proved to be valuable but not highly productive innovations.

The dreary reading which our war taxation makes is in a large measure due to the failure of successive Chancellors of the Exchequer to appreciate the tremendous expansion of revenue which could be obtained by merely increasing the rates of existing taxes. The full weight of income and super-tax was not imposed until after the war. The same is true of alcohol. The maximum revenue from tobacco was not secured until 1918–19. This delay in imposing taxation on a scale necessitated by Government expenditure was fraught with most serious consequences. The continual demand for loans lowered the Government's credit and tended to raise the rate of interest—an obvious disadvantage to the borrower. Moreover heavy taxation would have curtailed the spending power of the community and reduced the demand for commodities. This heavy demand raised prices at a time when the Government was a buyer on a tremendous scale. Apart from these purely financial evils the production of the luxuries demanded by possessors of increased incomes proved an impediment to the speedy war organisation of the nation. The crowding of amusement places, the reckless pursuit of pleasure and the flauntings of extravagance demonstrated that the spirit of greed had succeeded that of sacrifice and degraded the soul of the nation.

The method of these authors is to let the statesmen speak for themselves. Although this makes dull reading, it demonstrates very clearly the timidity of the various Ministers who handled the finances and the futility of criticisms in the House of Commons. Mr. McKenna is the only Finance Minister who emerges with credit. Among the critics Mr. Philip Snowden, Sir Godfrey Collins and one or two others show an appreciation of the financial situation. The complaints of the super-tax and of the low exemption limit of the income tax, of the increases of taxes on tea and sugar and the grievances of the brewers and distillers betray a lamentable class or personal bias. The few people who spoke for the soldier and who rightly wished the bulk of the tax burden to be borne by those at home talked about that vague and meaningless thing "conscription of wealth"—as if every tax was not a conscription of wealth.

As the authors have suggested, there seems no doubt that the excess profits tax should have been an excess income tax. The confinement of the excess profits tax to trading profits was an injustice. Profiteers were not by any means confined to business. Professional men, salaried classes, farmers and wage-earners frequently had a much bigger income during the war than before the war, and this excess was as good a source of revenue as excess profits. These increased incomes were in exactly the same category as the increased profits of manufacturers and traders.

There were two outstanding difficulties in the administration of an excess income tax—the incomes of farmers and of corporations. The former would have been adjusted roughly by special rates of income tax under Schedule B. Such adjustment would have balanced exemption from the excess income tax. Corporations could best have been treated as separate units. This would have enabled the individual taxpayer who lost on one investment and gained on another to sell the shares of the concern, dividends from which placed upon him liability to the tax and invest in Government stock or other securities which freed him from liability. New companies could have been treated as under the excess profits law, or better still they could be allowed as a basis "an amount equal to the same percentage of the invested capital for the taxable year, as the average percentage of net income, to the invested capital for the pre-war period of corporations in a like or similar trade or business."

There is no doubt that the administration which made the excess profits tax a workable measure would have been capable of handling with efficiency an excess income tax. The all-embracing scope of the tax would have made unnecessary the regulations to prevent the decrease of profits by inflation of salaries. Loopholes in the excess profits tax would have been unknown in a thorough-going excess income tax. The amount of excess income to be taxed would have been a spur to efficient administration.

The reviewer holds the opinion that a glance at the war finance of other countries may have thrown some light on the problems which confronted the British Isles. The printing presses of Europe have had their inevitable consequences. The United States of America, Canada and Australia all relied to a great extent on indirect sources, mainly on their protective tariffs for their pre-war revenues. Those proved capable of little expansion, and in fact many of these sources of revenue declined on account of the diminution of export trade. Before the war less than 5 per cent. of the American revenue was derived from direct taxes, but at the cessation of hostilities over 70 per cent. was derived from these sources. The remarkable effort made by the Americans to meet war expenditure out of revenue can be best demonstrated by the actual figures.

	Tax Revenue only (in millions of dollars).
Year ending June 30, 1916	746
,, ,, ,, 1917 (85 days war) ...	1,036
,, ,, ,, 1918	3,878
,, ,, ,, 1919	4,025

In the first full year of war the revenue was almost quadrupled—a remarkable achievement for a single year even when all the favourable circumstances are taken into consideration. Had our statesmen shown a similar zeal in utilising the power of taxation our post-war difficulties would have been lessened to a considerable extent.

The study of public finance has received a tremendous stimulus from the enlargement of the tax burden. This very enlargement has shown up the defects and has created a public opinion strong enough to cause the removal of the most glaring. The labours of the Royal Commission have resulted in the elimination of the jumps in the income tax and the removal of the injustice of double taxation as well as numerous other improvements. Many serious thinkers are devoting themselves to the closest study of both revenue and expenditure. New ideas and opinions find constant expression. To all those who are working on financial problems Messrs. Hirst and Allen have done a service. Their book represents a summary of Hansard. It is much to be regretted that it contains so little stimulating matter. Should one praise the authors for their perseverance in the portrayal of dullness or reproach them for its repetition ?

D. M. SANDRAL.

RUSSIAN CURRENCY PROBLEMS.

Die Waehrungsprobleme Sowjetrusslands (" Currency Problems of Soviet Russia " von Dr. L. Jurowsky. (Berlin : R. L. Prager.)

This very useful little book aims at giving an authoritative and impartial survey of Russia's currency problems since the Revolution. But, as the author quite rightly remarks, it is impossible to understand these developments without some knowledge of the preceding events, and he therefore supplies this indispensable information in a short preface and an introductory chapter on Russian monetary conditions prior to the October Revolution. A most illuminating account is given of the Soviets' attempt to run their country without any currency at all : this was the period when all taxes were being gradually abolished, when by means of a wild inflation money was purposely rendered absolutely valueless, and when eventually, in 1920–21, the complete breakdown of the currency system and of the Budget was achieved by the triumphant Bolsheviks. In the spring of 1921 Lenin had to introduce his famous " New Economic Policy," commonly known as the " Nep." A slow and gradual process of the rehabilitation of money began and shaped itself into a definite seeking after a stable currency and financial reform. It took the Soviets three years before the gold rouble was restored. In the meantime the issuing of paper money had risen from 35 milliard roubles per month at the beginning of 1920 to 515,245 milliards at the close of 1922. Prices were rapidly rising, and the gold value of the monthly issues was deteriorating day by day. These processes are well illustrated by the author in some comprehensive statistical tables (see pp. 45–52).

When the Tchervonetz was first introduced the paper currency was still in existence. As in Germany in 1923, there were for some time two " parallel " currencies, a stable and a constantly deteriorating one. The old Soviet rouble was definitely abolished in March 1924, by which time the new gold currency had been properly consolidated and developed. The new State Bank of Soviet Russia now called in the valueless paper roubles, and they were exchanged at the rate of 50 milliard paper roubles for 1 gold rouble (in Germany the rate was one thousand milliard paper marks for one gold mark). To those who have witnessed the introduction of the various stable monetary units in Germany and eventually the Rentenmark and then the Reichsmark, Chapters VI. (" The Tchervonetz ") and VII. ("Parallel Currencies ") of Dr. Jurowsky's book must be exceptionally interesting reading. But while Germany has been able to maintain her new currency, the Tchervonetz, after two years' existence, seems to have lost its stability. The recent decline in its purchasing power, however, occurred after the publication of Dr. Jurowsky's book.

For those who are interested in Russian affairs or for the student of monetary problems in general, this little book is quite invaluable. The author does not write as a mere observer, but as an active and competent participant in the developments he describes. He may be accused of having pictured rather than analysed the currency problems of Soviet Russia. It is obvious that conditions prevailing in that country prevent him from saying more than he has said. Dr. Jurowsky is not a member of the Communist Party, nor even a sympathiser. Yet the fact must not be forgotten that he holds a prominent position in Moscow and that therefore all sharp criticism of Soviet doctrines would be out of place.

The German edition is published by Messrs. R. L. Prager, the well-known publishers and booksellers, and an English translation has appeared entitled " Currency Problems and Policy of the Soviet Union." (London : Leonard Parsons, Ltd., 1925. Price, 7s. 6d. net.)

G.S.

PUBLICATIONS RECEIVED.

Die Wirtschaftliche Entwickelung der Sowjet-Union. By Peter and Irma Petroff. (Berlin : U.S.S.R. Trade Agency.)

Journal of the Royal Statistical Society. March 1926. (London. Price, 7s. 6d.)

Les Grandes Industries Modernes. IV.—Les Transports Maritimes. By Paul de Rousiers. (Paris : Librairie Armand Colin. Price, Fr.12.)

Politics and Economics. By Herbert G. Williams, M.Sc., A.M.I.C.E., M.P. With a Foreword by the Rt. Hon. Neville Chamberlain, M.P. (London : John Murray. Price, 5s. net.)

FOREIGN BANK RATES.

	Per cent.		Per cent		Per cent.
Amsterdam	3½	Dublin	6	Prague	6
Athens	10	Geneva	3½	Reval	10
Belfast	6	Helsingfors	7½	Riga	8
Belgrade ...	6	Kovno	7	Rome	7
Berlin	7	Lisbon	9	Sofia	7
Brussels	7	Madrid ...	5	Stockholm ...	4½
Bucharest ...	6	Moscow ...	8	Tokyo	7.3
Budapest ...	7	New York...	3½	Vienna	7½
Copenhagen...	5½	Oslo	5½	Warsaw	12
Danzig	8	Paris	6		

The official discount rates of the State Bank in Moscow for bills at two months is 8 per cent., for bills at four months 9 per cent. and for bills at six months 9½ per cent.

UNIVERSITY OF LONDON.

A COURSE of THREE LECTURES on "SOME FEATURES OF ITALIAN ECONOMICS AND STATISTICS" will be given (in English) by Professor C. GINI (of the University of Rome) at the LONDON SCHOOL OF ECONOMICS (Houghton Street, Aldwych, W.C. 2), on MONDAY, WEDNESDAY and FRIDAY, June 7th, 9th and 11th, at 5 p.m.

Chairmen :

June 7th : Sir William Beveridge, K.C.B.
June 9th : H.E. the Italian Ambassador.
June 11th : G. Udny Yule, Esq., C.B.E., F.R.S.

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EDWIN DELLER, Academic Registrar.

UNIVERSITY OF LONDON.

THE postponed LECTURE on "ACCOUNTS, STRAIGHTFORWARD AND MISLEADING" will be given by Mr. A. CATHLES, O.B.E., C.A., at the LONDON SCHOOL OF ECONOMICS (Houghton Street, Aldwych, W.C.2), on MONDAY, JUNE 14th, 1926, at 5 p.m. The Chair will be taken by Professor L. R. Dicksee, M.Com., F.C.A. (Sir Ernest Cassel Professor of Accountancy and Business Methods in the University).

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EDWIN DELLER, Academic Registrar.

STATISTICAL SECTION

THE TRADE BAROMETER

Our weekly index is composed of quotations for the ten following commodities :—

1. Pig iron. 2. Tin. 3. Coal. 4. Linseed Oil. 5. Cotton. 6. Wool. 7. Hides. 8. Wheat. 9. Bacon. 10. Sugar.

Table I. shows the movements of our ten commodities in the aggregate, and Table II. the movements of each of them in relation to the others. We have chosen December 30, 1921, as our base, the price of each commodity on that day being represented by 100 (at a time when the index in Table I. stood at 150). For a full explanation of our index number see THE ECONOMIC REVIEW Aug. 29, 1924, page 194.

TABLE I.

Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.			1923								
Jan. 16	367.9	296.6	Jan. 12	162.8	157.0	Apr. 18	177.5	164.7	July 17	160.3	157.5
May 14	391.2	325.5	Feb. 16	177.2	157.5	May 16	171.2	163.7	Aug. 14	158.6	157.0
July 16	418.8	316.9	Mar. 16	192.4	160.3	June 20	167.8	162.6	Sept. 18	158.3	156.0
Dec. 17	257.0	263.8	Apr. 20	198.5	162.0	July 18	167.1	162.6	Oct. 16	154.1	154.8
1921			May 18	198.1	159.8	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Jan. 14	244.2	245.9	June 15	190.0	159.3	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
Apr. 15	202.8	204.8	July 20	177.3	156.5	Oct. 17	172.5	170.2	1926		
July 15	194.4	194.1	Aug. 17	174.6	154.5	Nov. 14	173.3	169.8	Jan. 15	151.6	151.3
Oct. 14	170.2	180.7	Sept. 14	173.2	157.8	Dec. 12	171.7	170.1	Feb. 12	148.4	148.8
Dec. 16	153.2	167.9	Oct. 19	166.0	158.1	1925			Mar. 12	146.1	144.4
Dec. 30	150.0		Nov. 16	171.7	160.8	Jan. 16	174.8	171.0	,, 26	145.2	
1922			Dec. 14	177.0	163.4	Feb. 13	175.2	168.9	April 16	148.1	143.6
Jan. 20	144.0	164.0	1924			Mar. 13	172.8	166.3	,, 30	148.4	
May 19	162.1	160.6	Jan. 18	178.6	165.4	Apl. 17	161.9	162.5	May 21	150.2	
July 14	165.1	160.3	Feb. 15	187.9	167.0	May 15	158.7	159.0	,, 28	149.8	
Sept. 15	161.2	154.3	Mar. 14	182.1	165.4	June 19	160.6	157.6			
Dec. 15	161.2	155.8									

TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
1925												1925
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	... Feb. 27
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	... Oct. 30
1926												1926
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	... Feb. 5
Mar. 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	... Mar. 26
Apr. 30 ...	72.2	163.9	60.4	107.9	87.9	106.2	89.9	117.0	103.7	80.0	98.91	... Apr. 30
May 21 ...	71.7	161.5	60.4†	108.8	89.8	109.4	87.0	124.9	105.9	81.8	100.12	... May 21
,, 28 ...	71.7	161.4	60.4†	104.4	90.3	109.4	87.0	128.9	103.7	81.2	99.84	... ,, 28

† Nominal. * Revised Quotation.

SECURITY PRICES.

The following table shows the course of prices for a representative number of industrial stocks and long dated railroad bonds in New York, for twenty representative industrial ordinary stocks in London, and for a selected number of long-dated British Government securities. The prices of the last-named have been averaged exclusive of accrued interest. In all cases the price at December 30, 1921, is taken as 100. Significant maximum figures are shown in heavy type and minimum figures in italics.

	IN NEW YORK.			IN LONDON.			IN NEW YORK.			IN LONDON.	
	Week ending.	Industrials.	Bonds.*	Industrials.	Gilt edged.		Week ending.	Industrials.	Bonds.*	Industrials.	Gilt edged.
1920,	Jan. 1	128.5	94.1	172.4	99.7	1925,	Jan. 3	150.7	101.6	133.8	117.5
1921,	Jan. 1	89.9	89.0	116.3	88.6		,, 17	151.8	101.9	**137.8**	117.5
	Aug. 20	*80.3*	90.4	105.4	93.3		June 6	158.2	**105.3**	128.0	115.3
	Oct. 29	91.1	92.0	*91.1*	94.4		,, 27	160.0	104.7	123.7	*113.0*
1922,	Jan. 1	100.0	100.0	100.0	100.0		July 18	165.9	103.2	*120.4*	115.5
	May 13	114.6	102.4	114.9	**117.9**		Aug. 1	165.8	*101.5*	122.2	115.7
	Sept. 16	123.8	**107.6**	115.2	112.5		,, 22	176.2	102.5	126.3	**117.3**
	Oct. 7	123.9	106.1	113.3	*111.7*		Nov. 7	195.4	102.7	134.1	114.7
1923,	Jan. 1	121.7	102.5	119.5	113.3		Dec. 19	188.9	103.3	130.6	112.8
	Mar. 17	**129.2**	98.5	129.3	117.0	1926,	Jan. 2	195.5	103.6	133.3	113.0
	,, 24	127.3	*97.8*	129.0	118.1		,, 9	196.1	103.6	**135.1**	113.1
	Apr. 28	124.1	99.3	**137.9**	122.8		Feb. 13	**199.9**	104.9	132.0	114.8
	June 9	119.7	100.8	130.6	**123.5**		Apr. 17	168.7	106.9	121.8	113.3
	Oct. 27	*105.7*	99.7	126.5	119.7		May 1	176.8	107.6	122.6	114.7
1924,	Jan. 1	117.4	98.4	121.3	114.5		,, 8	172.9	107.2	119.5	112.5
	,, 19	119.1	100.1	119.1	*112.2*		,, 22	173.1	107.1	125.8	114.3
	June 21	115.3	103.3	*118.2*	118.0		,, 29	176.9	107.2	126.4	114.7
	Nov. 8	130.1	103.7	133.7	**120.4**						

* Prices supplied by Messrs. Bernhard Scholle & Co., Ltd.

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Pyridine. Pitch. Black Varnish. Anthracene.
Naphthaline (in various forms). Toluole. Bleaching Powder (35/37%).
Liquid Ammonia. Sulphate of Ammonia (25½% Neutral Quality).
Prussiate of Potash. Prussiate of Soda.
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Printed by the CRYPT HOUSE PRESS, LTD., Bell Lane, Gloucester, and Published by the Proprietors at 6, JOHN STREET, ADELPHI, LONDON, W.C.2.